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FERC Docket: RP08-322-000

**Third Revised Sheet No. 0** Canyon Creek Compression Company: Third Revised Volume No. 1  
Third Revised Sheet No. 0 : Pending  
Superseding: Second Revised Sheet No. 0

FERC GAS TARIFF

THIRD REVISED VOLUME NO. 1

(Supersedes Second Revised Volume No. 1)

of

CANYON CREEK COMPRESSION COMPANY

Filed with the

FEDERAL ENERGY REGULATORY COMMISSION

Communications Concerning this Tariff  
Should be Addressed to:

Bruce H. Newsome, Vice President  
Canyon Creek Compression Company  
3250 Lacey Road, 7th Floor  
Downers Grove, Illinois 60515-7918  
Telephone: (630) 725-3070  
Facsimile: (630) 725-3108

Effective Date: 09/24/2001 Status: Effective  
FERC Docket: RP01-515-000

**Third Revised Sheet No. 1** Third Revised Sheet No. 1 : Effective  
Superseding: Second Revised Sheet No. 1

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FERC Docket: RP02-356-000

**Fifth Revised Sheet No. 2** Fifth Revised Sheet No. 2 : Effective

Superseding: Fourth Revised Sheet No. 2

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Effective Date: 05/19/2008 Status: Effective  
FERC Docket: RP08-322-000

**Second Revised Sheet No. 3** Second Revised Sheet No. 3 : Pending  
Superseding: First Revised Sheet No. 3

PRELIMINARY STATEMENT  
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Canyon Creek Compression Company is a general partnership organized and existing under the laws of the State of Illinois, with an office at 3250 Lacey Road, 7th Floor, Downers Grove, Illinois 60515-7918. Canyon's partners are NGPL Canyon Compression Co. LLC (a subsidiary of Natural Gas Pipeline Company of America LLC), CIG-Canyon Compression Company (a subsidiary of El Paso CNG Company), and URC Canyon Compression Company (a subsidiary of Questar Energy Trading Company).

Canyon Creek Compression Company is a natural gas company engaged in the business of operating compression and other appurtenant facilities needed to compress gas supplies produced in the Whitney Canyon and Carter Creek areas of Wyoming.

*Effective Date: 12/01/1993    Status: Effective*

*FERC Docket: RS92- 57-003*

**Original Sheet No. 4** Original Sheet No. 4 : Effective

SYSTEM MAP

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Effective Date: 10/01/1994 Status: Effective  
FERC Docket: TM95-1-67-000

**First Revised Sheet No. 5** First Revised Sheet No. 5 : Effective  
Superseding: Original Sheet No. 5

CURRENTLY EFFECTIVE RATES  
-----

Rate Schedule C -----	Rate per Mcf -----
Demand Charge per Month	\$ 2.05
Commodity Charge	\$.0211

Rate Schedule I -----	
Overrun Rate	\$.0797

=====

ACA Charge -----	
Unit charge pursuant to Section 32 of the General Terms and Conditions	\$.0024

Effective Date: 06/01/2007 Status: Effective  
 FERC Docket: RP07-422-000

**Seventeenth Revised Sheet No. 6** Seventeenth Revised Sheet No. 6 : Effective  
 Superseding: Sixteenth Revised Sheet No. 6

CURRENTLY EFFECTIVE RATES 1/  
 -----

Rate Schedule FCS -----	Rate per Dth	
	Reservation	Usage
-----	-----	-----
Cost of Service Rate 2/ Deferred Account Rate 3/	\$5.3711 0.1122	\$0.0305 0.0007
Total Maximum Rates	\$5.4833	\$0.0312
Cost of Service Rate 2/ Deferred Account Rate 3/	\$0.0000 0.0000	\$0.0305 0.0007
Total Minimum Rates	\$0.0000	\$0.0312
Cost of Service Rate 2/ Deferred Account Rate 3/		\$0.2071 0.0044
Total Maximum Overrun Rates		\$0.2115
Cost of Service Rate 2/ Deferred Account Rate 3/		\$0.0305 0.0007
Total Minimum Overrun Rates		\$0.0312

- 
- 1/ Maximum daily quantities and rates set forth in individual service agreements on an Mcf basis shall be deemed to have been converted to a thermal billing basis utilizing a factor of 1.0217 Btu.
  - 2/ Cost of Service Rate calculated pursuant to Section 37.4 through Section 37.6 of the General Terms and Conditions of Canyon's FERC Gas Tariff.
  - 3/ Deferred Account Rate calculated pursuant to Section 37.7 of the General Terms and Conditions of Canyon's FERC Gas Tariff.

Effective Date: 10/01/2007 Status: Effective  
FERC Docket: RP07-542-000

**Twelfth Revised Sheet No. 6A** Twelfth Revised Sheet No. 6A : Effective  
Superseding: Eleventh Revised Sheet No. 6A

CURRENTLY EFFECTIVE RATES 1/  
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Rate Schedule ICS -----	Rate per Dth -----	
	Reservation -----	Usage -----
Cost of Service Rate 2/ Deferred Account Rate 3/		\$0.2071 0.0044 -----
Total Maximum Rates		\$0.2115
Cost of Service Rate 2/ Deferred Account Rate 3/		\$0.0305 0.0007 -----
Total Minimum Rates		\$0.0312
-----		
ACA Charge -----		
Unit charge pursuant to Section 32 of the General Terms and Conditions		\$ .0019

- 
- 1/ Maximum daily quantities and rates set forth in individual service agreements on an Mcf basis shall be deemed to have been converted to a thermal billing basis utilizing a factor of 1.0217 Btu.
  - 2/ Cost of Service Rate calculated pursuant to Section 37.4 through Section 37.6 of the General Terms and Conditions of Canyon's FERC Gas Tariff.
  - 3/ Deferred Account Rate calculated pursuant to Section 37.7 of the General Terms and Conditions of Canyon's FERC Gas Tariff.

*Effective Date: 12/01/1993    Status: Effective*

*FERC Docket: RS92- 57-003*

**Sheet Nos. 7 - 9** Sheet Nos. 7 - 9 : Effective

Sheet Nos. 7 through 9  
are being reserved for  
future use.

*Effective Date: 12/01/1993 Status: Effective*

*FERC Docket: CP94-138-001*

**First Revised Sheet No. 10** First Revised Sheet No. 10 : Effective  
Superseding: Sheet Nos. 10 Through 11

NOTICE OF CANCELLATION  
OF  
RATE SCHEDULE C  
-----

The following tariff sheets have been superseded:

Original Sheet Nos. 10 and 11

RATE SCHEDULE C

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5. MINIMUM BILL

The minimum bill for each Shipper shall be the Demand Charge.

6. CREDIT

Canyon shall provide a credit to Shippers under Rate Schedules C and FCS equal to ninety percent (90%) of any revenue (exclusive of revenue applicable to the ACA charge) collected by Canyon under Rate Schedule ICS in excess of the fixed costs allocated to interruptible compression service (ICS) in the design of Canyon's underlying demand/reservation compression rates and an amount equal to Canyon's FCS commodity rate times the ICS volumes transported during the preceding year. The determination of any such revenue credit should be made on an annual basis commencing with the period ending November 30, 1994 and annually thereafter until the Commission allows termination of this crediting mechanism; provided, however, that Canyon shall not be required to begin applying previously accrued credits to customer bills until the day after the Commission has issued a final order applicable to rates for any such period, it being understood that Canyon shall pay interest at the Commission authorized rate if credits are deferred as a result of this proviso. Any excess ICS revenues will be reflected as a credit on the bills of individual Shippers. The percentage of excess revenues to be allocated to each individual Shipper will be determined pursuant to the following ratio: the annual reservation revenues collected from each Shipper to the total of all reservation revenues collected from all such Shippers during the same period. Any excess revenues so determined will be passed back to individual Shippers as a credit against their subsequent billings until completely refunded. In no event will a Shipper's reservation charge be reduced below zero.

7. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule C and shall apply to service rendered hereunder as though stated herein.

*Effective Date: 12/01/1993 Status: Effective*  
*FERC Docket: CP94-138-001*

**First Revised Sheet No. 12** First Revised Sheet No. 12 : Effective  
Superseding: Sheet Nos. 12 Through 13

NOTICE OF CANCELLATION  
OF  
RATE SCHEDULE I  
-----

The following tariff sheets have been superseded:

Original Sheet Nos. 12 and 13

Effective Date: 12/01/1993 Status: Effective

FERC Docket: RS92- 57-003

**Original Sheet No. 13** Original Sheet No. 13 : Effective

RATE SCHEDULE I

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5. MINIMUM BILL

None.

6. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule I and shall apply to service rendered hereunder as though stated herein.

RATE SCHEDULE FCS  
FIRM TRANSPORTATION AND COMPRESSION SERVICE  
-----

1. AVAILABILITY

This Rate Schedule FCS is available to any entity (hereinafter called Shipper) which: (a) submits to Canyon Creek Compression Company (hereinafter called Canyon) a valid request as defined in Section 3 hereof which Canyon has firm capacity available on all affected portions of its System and the firm operational capability to satisfy; and (b) executes a Firm Transportation and Compression Service Agreement (FCS Agreement) with Canyon applicable to service under this Rate Schedule FCS. The form of FCS Agreement is contained in this Tariff. There is no limitation on the number of FCS Agreements any one Shipper may have.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 The transportation service provided under this Rate Schedule FCS shall be performed under Part 284 of the Commission's Regulations. This Rate Schedule FCS shall apply to all gas transported and compressed by Canyon for Shipper pursuant to an FCS Agreement.

2.2 Service hereunder shall be provided on a firm basis. However, service may be interrupted for any of the reasons set out in this Tariff. Canyon shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of Canyon's System or the quality of service and on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by Canyon shall be made available to all Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

2.3 Service hereunder shall consist of the acceptance by Canyon of natural gas tendered by Shipper for transportation at Receipt Points specified in the FCS Agreement, the transportation of that natural gas through Canyon's pipeline System, and the delivery of that natural gas by Canyon to Shipper or for Shipper's account at the Delivery Points specified in the FCS Agreement. Canyon shall not be required to accept any gas tendered in excess of the Maximum

RATE SCHEDULE FCS  
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Daily Quantity (MDQ) specified in the FCS Agreement for each Receipt Point or Delivery Point or for the aggregate of all primary Receipt Points or Delivery Points. Service hereunder shall not encompass gathering services, transportation through the facilities of any third party, processing, or transportation to processing facilities unless the FCS Agreement so specifies.

2.4 Shipper shall only tender gas for transportation under this Rate Schedule to the extent such service would qualify under the applicable statutes, regulations and Commission orders. For transportation to be provided under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to Canyon certification including sufficient information in order for Canyon to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification prior to tendering gas for transportation.

2.5 Allocation of capacity, curtailment and priorities of service for the purposes of scheduling and curtailment are all governed by the General Terms and Conditions of this Tariff.

2.6 Shipper may release capacity dedicated to service hereunder pursuant to Canyon's Capacity Release Program to the extent permitted by, and subject to the terms and conditions contained in, the General Terms and Conditions of this Tariff.

3. VALID REQUESTS

3.1 A request for service under this Rate Schedule FCS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and Canyon shall not be required to grant any such request: (1) for which adequate capacity is not available on any portion of Canyon's System necessary to provide such service; (2) as to which Canyon does not have the operational capability to effect receipt, transportation and/or delivery on a firm basis consistent with the terms and conditions of this Rate Schedule FCS; (3) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Canyon may agree in its

RATE SCHEDULE FCS  
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reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such services; (4) unless and until Shipper has provided Canyon with the information required in Section 3.2 hereof; (5) if Canyon determines, based on the credit analysis referenced in Section 3.2(f), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (6) if the service requested would not comply with this Rate Schedule FCS; or (7) if the service requested is at less than the applicable maximum rate; provided, however, that Canyon may agree to provide service hereunder at a discount consistent with this Rate Schedule FCS. Nothing herein is intended to govern the curtailment of service once a request for service has been granted pursuant to this Section and while an FCS Agreement is in effect. Such curtailment is governed by the General Terms and Conditions of this Tariff.

(b) Canyon shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to lack of capacity or System capability or if the request is incomplete or does not comply with this Rate Schedule FCS.

(1) Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule FCS. In the event a request is substantially but not entirely complete, Canyon shall inform Shipper in writing of the specific items needed to complete the FCS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received within fifteen (15) days, Shipper's request shall be null and void.

(2) If Canyon cannot satisfy a request due to insufficient System capacity or capability, such request shall be of a continuing nature and shall remain valid unless and until Shipper notifies Canyon that it desires to withdraw its request except as follows: Canyon may at any time tender an FCS Agreement to Shipper consistent with Shipper's request which is conditional on the future availability of System capacity and capability. Such conditional agreement must allow Shipper to void the contract and withdraw its request if Shipper's notice of withdrawal is given prior to Shipper receiving notice from Canyon that System capacity and capability are available and the request is approved. If Shipper declines to execute such an agreement within thirty (30) days, its request shall be null and void.

Effective Date: 09/24/2001 Status: Effective  
FERC Docket: RP01-515-000

**Fourth Revised Sheet No. 17** Fourth Revised Sheet No. 17 : Effective  
Superseding: Third Revised Sheet No. 17

RATE SCHEDULE FCS  
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(c) Canyon shall tender an FCS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by Canyon, a request for service shall be invalid if Shipper fails to execute an FCS Agreement hereunder within ten (10) days after an FCS Agreement has been tendered by Canyon for execution.

3.2 Requests for service hereunder shall be deemed valid only after the information specified in this Section is provided by Shipper via Canyon's Interactive Website or in writing to Canyon's Gas Transportation Department, at One Allen Center, 500 Dallas Street, Houston, Texas 77002, or Telecopy Number (713) 369-9305. The information required for a valid request shall be as follows:

(a) GAS QUANTITIES

The request shall specify in Dth the aggregate MDQ and the MDQ for each primary point, exclusive of applicable Fuel Gas and Unaccounted For Gas; provided, however, that Canyon shall not be obligated to accept requests for an aggregate MDQ of less than one hundred (100) Dth per day.

(b) RECEIPT POINT(S)

The request shall specify the primary point(s) at which Shipper desires Canyon to receive gas.

(c) DELIVERY POINT(S)

The request shall specify the primary point(s) at which Shipper desires Canyon to deliver gas.

(d) LIMITATION OF POINTS

(1) A Shipper may request any number of primary Receipt and primary Delivery Points so long as the summation of MDQs at all primary Receipt Points and at all primary Delivery Points equals the aggregate MDQ.

(2) The availability to Shipper of secondary Receipt and Delivery Points, and the related priorities and volumes, are governed by the General Terms and Conditions.

Effective Date: 09/24/2001 Status: Effective  
FERC Docket: RP01-515-000

**Second Revised Sheet No. 18** Second Revised Sheet No. 18 : Effective  
Superseding: First Revised Sheet No. 18

RATE SCHEDULE FCS  
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(e) TERM OF SERVICE

The request shall specify:

- and
- (1) The date service is requested to commence;
  - (2) The date service is requested to terminate.

(f) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by Canyon in accordance with the General Terms and Conditions of this Tariff.

(g) COMPLIANCE WITH FCS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule FCS, including the applicable General Terms and Conditions.

(h) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for service under an executed FCS Agreement is submitted, and when any subsequent changes occur:

- (1) Affiliation of the Shipper with Canyon; and
- (2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

Effective Date: 07/01/2002 Status: Effective  
FERC Docket: RP02-356-000

**Fourth Revised Sheet No. 19** Fourth Revised Sheet No. 19 : Effective  
Superseding: Third Revised Sheet No. 19

RATE SCHEDULE FCS  
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4. TERM

(a) The term of service hereunder shall be set forth in the FCS Agreement between Shipper and Canyon.

(b) The General Terms and Conditions of this Tariff shall govern the applicability of, and the terms and conditions relating to, rollovers and the right of first refusal vis a vis an FCS Agreement. Upon termination of any FCS Agreement, and subject to any such rollover or right of first refusal, service by Canyon to Shipper thereunder shall be terminated and automatically abandoned.

(c) Canyon may terminate any FCS Agreement if Canyon is required by the FERC or some other agency or court to provide firm service for others utilizing the System capacity or capability required for service under such FCS Agreement or if Canyon ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the FCS Agreement.

5. RATE

5.1 (a) Shipper shall pay Canyon each month under this Rate Schedule FCS the rates assessed hereunder governed by Section 37 of the General Terms and Conditions of this Tariff for each unit of gas received for transportation and compression. Shipper shall also pay Canyon such other charges as are identified in this Tariff.

(b) Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 35 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

Effective Date: 11/01/1997 Status: Effective  
FERC Docket: RP97- 66-006

**Second Revised Sheet No. 20** Second Revised Sheet No. 20 : Effective  
Superseding: First Revised Sheet No. 20

RATE SCHEDULE FCS  
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5.2 Shipper shall reimburse Canyon for Fuel Gas and Unaccounted For Gas required in transporting gas hereunder in kind as provided by Section 1.10 of the General Terms and Conditions.

5.3 (a) Shipper shall reimburse Canyon within five (5) days after costs have been incurred by Canyon for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) If Canyon constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement between the parties either:

(1) Shipper shall reimburse Canyon for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) Canyon shall assess a monthly charge reflecting such facility costs.

5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes received by Canyon from Shipper under this Rate Schedule FCS.

5.5 (a) Canyon shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in:  
(1) the rates and charges applicable under this Rate Schedule FCS, including both the level and design of such rates and charges; or  
(2) the terms and conditions of this Rate Schedule FCS. Canyon agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Canyon's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

RATE SCHEDULE FCS  
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(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits Canyon to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the FCS Agreement or a separate discount agreement, be increased to the highest such rate. Should additional documentation be required in order for Canyon to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by Canyon. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires Canyon to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate.

5.6 Canyon may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the FCS Agreement or in a separate discount agreement, charge any individual Shipper for service under this Rate Schedule FCS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule FCS set forth in this Tariff. Canyon will confirm any verbal notice of the applicable charge in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Unless otherwise agreed in the FCS Agreement or in a separate discount agreement, Canyon may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the FCS Agreement and/or any discount agreement) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Canyon shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.7 All revenues collected by Canyon as a result of providing service under this Rate Schedule FCS shall be retained by Canyon unless Canyon has otherwise explicitly agreed on a different disposition of such amounts.

Effective Date: 07/01/2002 Status: Effective  
FERC Docket: RP02-356-000

**Third Revised Sheet No. 22** Third Revised Sheet No. 22 : Effective  
Superseding: 2nd Sub Second Revised Sheet No. 22

RATE SCHEDULE FCS  
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6. NOMINATIONS, SCHEDULING CHARGES AND IMBALANCES

(a) Shipper shall provide Canyon with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause gas to be delivered to Canyon at Receipt Point(s), and to cause gas to be taken from Canyon at Delivery Point(s), in accordance with the information supplied to Canyon.

(b) It shall be Shipper's responsibility to keep receipts and deliveries in balance. Canyon may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance. Any imbalance between actual receipts and actual deliveries shall be eliminated by cashout on a monthly basis in accordance with the General Terms and Conditions of this Tariff.

Effective Date: 11/01/2001 Status: Effective  
FERC Docket: RP00-347-002

**Substitute Third Revised Sheet No. 23** Substitute Third Revised Sheet No. 23 : Effective  
Superseding: Second Revised Sheet No. 23

RATE SCHEDULE FCS  
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7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) The point(s) of receipt for all gas tendered to Canyon for compression and transportation hereunder and the point(s) of delivery for all gas delivered by Canyon to Shipper (or to a third party on behalf of Shipper) hereunder shall be specified in the FCS Agreement. For each individual Receipt and Delivery Point, and for the aggregate of all such points, Canyon's maximum obligation to accept and deliver gas on a firm basis shall be specified in Dth in the FCS Agreement. The sum of the MDQs for primary Receipt Points and the sum of the MDQs for primary Delivery Points shall not exceed the aggregate MDQ.

(b) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(c) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where gas is tendered to Canyon hereunder; and (2) at or downstream of the Delivery Point(s) where Canyon delivers gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule FCS and must be coordinated with Canyon.

8. OVERRUN SERVICE

Upon request of Shipper, Canyon may (but is not obligated to) receive, compress, and deliver on any day quantities of natural gas in excess of Shipper's MDQ under the FCS Agreement when, in Canyon's reasonable judgment, the capacity and operating capability of its System will permit such receipt, compression and delivery without impairing the ability of Canyon to meet its other obligations. In granting requests for overrun service, Canyon shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay Canyon the applicable rate for Authorized Overrun Service set forth in this Tariff. For Authorized Overrun Service hereunder, Shipper shall pay the Authorized Overrun Charge. Shipper shall pay Canyon an Unauthorized Overrun Charge (in addition to the Authorized Overrun Charge) if gas tendered to Canyon or deliveries to Shipper under an FCS Agreement exceed the MDQ under such FCS Agreement without authorization from Canyon. The Unauthorized Overrun Charge shall be equal to the spot price of gas as measured by the relevant spot price index for gas deliveries out of the Rocky Mountains

Effective Date: 11/01/2001 Status: Effective

FERC Docket: RP00-347-002

**Original Sheet No. 23A** Original Sheet No. 23A : Effective

RATE SCHEDULE FCS

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published by Gas Daily (or if an appropriate Gas Daily index is not available, other publication which is of general use in the industry) for the day on which the unauthorized overrun occurred. Notwithstanding the foregoing, Canyon shall waive the Unauthorized Overrun Charge (but not the Authorized Overrun Charge) by the time billing is made if no operational problems were created by the unauthorized overrun.

Effective Date: 12/01/1993 Status: Effective  
FERC Docket: RS92- 57-003

**Original Sheet No. 24** Original Sheet No. 24 : Effective

RATE SCHEDULE FCS  
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9. WAIVERS

Canyon may waive any rights hereunder or any obligations of Shipper on a basis which is not unduly discriminatory; provided that no waiver shall operate or be construed as a waiver of other or future rights or obligations, whether of a like or different character.

10. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule FCS and shall apply to service rendered hereunder as though stated herein.

RATE SCHEDULE ICS  
INTERRUPTIBLE TRANSPORTATION AND COMPRESSION SERVICE  
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1. AVAILABILITY

This Rate Schedule ICS is available to any entity (hereinafter called Shipper) which: (a) submits to Canyon Creek Compression Company (hereinafter called Canyon) a valid request as defined in Section 3 hereof; and (b) executes an Interruptible Transportation and Compression Service Agreement (ICS Agreement) with Canyon applicable to service under this Rate Schedule ICS. The form of ICS Agreement is contained in this Tariff. There is no limitation on the number of ICS Agreements any one Shipper may have.

2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

2.1 This Rate Schedule ICS defines an interruptible transportation and compression service. This Rate Schedule ICS shall apply to all gas received by Canyon for Shipper pursuant to an ICS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, Canyon is not providing a supply service under this Rate Schedule ICS.

2.2 Service hereunder shall consist of the acceptance by Canyon of natural gas from or for the account of Shipper at Receipt Point(s) under the ICS Agreement, the transportation of that natural gas through Canyon's System, and the delivery of that natural gas by Canyon to Shipper or for Shipper's account at Delivery Point(s) under the ICS Agreement. Canyon shall not be required: (a) to accept on any day gas tendered, or to deliver on any day gas requested, in excess of the Maximum Daily Quantity (MDQ) specified in the ICS Agreement; (b) to accept or deliver on any day gas hereunder which is not properly nominated pursuant to and to the extent required by the General Terms and Conditions of this Tariff.

2.3 The service provided under this Rate Schedule ICS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender gas for transportation under this Rate Schedule ICS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by Canyon under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to Canyon appropriate certification, including sufficient information in order for Canyon

RATE SCHEDULE ICS  
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to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering gas under an ICS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

2.4 Service hereunder is provided on an interruptible basis. Curtailment and priorities of service for the purposes of scheduling and curtailment are governed by the General Terms and Conditions of this Tariff.

3. VALID REQUESTS

3.1 A request for service under this Rate Schedule ICS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and Canyon shall not be required to grant any such request: (1) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Canyon may agree in its reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such services; (2) unless and until Shipper has provided Canyon with the information required in Section 3.2 hereof; (3) if Canyon determines, based on the credit analysis referenced in Section 3.2(b), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (4) if the service requested would not comply with this Rate Schedule ICS; or (5) if the service requested is at less than the applicable maximum rate; provided, however, that Canyon may agree to provide service hereunder at a discount consistent with this Rate Schedule ICS. Nothing herein is intended to govern the curtailment of service once a request for service has been granted pursuant to this Section and while an ICS Agreement is in effect. Such curtailment is governed by the General Terms and Conditions of this Tariff.

Effective Date: 09/24/2001 Status: Effective  
FERC Docket: RP01-515-000

**Fourth Revised Sheet No. 27** Fourth Revised Sheet No. 27 : Effective  
Superseding: Third Revised Sheet No. 27

RATE SCHEDULE ICS  
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(b) Canyon shall promptly notify Shipper if it cannot satisfy an otherwise valid request because such request is incomplete or does not comply with this Rate Schedule ICS. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule. In the event a request is substantially but not entirely complete, Canyon shall inform Shipper in writing of the specific items needed to complete the ICS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received within fifteen (15) days, Shipper's request shall be null and void.

(c) Canyon shall tender an ICS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by Canyon, a request for service shall be invalid if Shipper fails to execute an ICS Agreement hereunder within ten (10) days after an ICS Agreement has been tendered by Canyon for execution.

3.2 Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via Canyon's Interactive Website or in writing to Canyon's Gas Transportation Department, One Allen Center, 500 Dallas Street, Houston, Texas 77002, or Telecopy Number (713) 369-9305:

(a) GAS QUANTITIES

The request shall specify in Dth the aggregate MDQ, exclusive of applicable Fuel Gas and Unaccounted For Gas; provided, however, that Canyon shall not be obligated to accept requests for an aggregate MDQ of less than one hundred (100) Dth per day.

(b) AVAILABILITY OF POINTS

(1) A Shipper may utilize all available Receipt and Delivery Points on Canyon's System under any ICS Agreement, as more fully set out in the General Terms and Conditions of this Tariff.

(2) The available volume and priorities at any point shall be governed by the General Terms and Conditions of this Tariff.

Effective Date: 09/24/2001 Status: Effective  
FERC Docket: RP01-515-000

**Second Revised Sheet No. 28** Second Revised Sheet No. 28 : Effective  
Superseding: First Revised Sheet No. 28

RATE SCHEDULE ICS  
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(c) TERM OF SERVICE

The request shall specify:

- and
- (1) The date service is requested to commence;
  - (2) The date service is requested to terminate.

(d) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by Canyon in accordance with the General Terms and Conditions of this Tariff.

(e) COMPLIANCE WITH ICS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule ICS, including the applicable General Terms and Conditions.

(f) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for transportation under an executed ICS Agreement is submitted, and when any subsequent changes occur:

- (1) Affiliation of the Shipper with Canyon; and
- (2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

Effective Date: 07/01/2002 Status: Effective  
FERC Docket: RP02-356-000

**Fourth Revised Sheet No. 29** Fourth Revised Sheet No. 29 : Effective  
Superseding: Third Revised Sheet No. 29

RATE SCHEDULE ICS  
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4. TERM

(a) The term of service hereunder shall be set forth in the ICS Agreement between Shipper and Canyon. Canyon may terminate the ICS Agreement if Shipper fails to cause gas to be delivered during any twelve (12) consecutive calendar months when capacity is available, unless Shipper's failure to deliver gas was attributable to circumstances of Force Majeure.

(b) The General Terms and Conditions of this Tariff shall govern the applicability of rollovers vis a vis an ICS Agreement. Upon termination of any ICS Agreement, and subject to such rollovers, service by Canyon to Shipper thereunder shall be terminated and automatically abandoned.

(c) Canyon may terminate any ICS Agreement if Canyon is required by the FERC or some other agency or court to provide service for others utilizing the interruptible System capacity or capability required for service under such ICS Agreement or if Canyon ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the ICS Agreement.

5. RATE

5.1 (a) Shipper shall pay Canyon each month under this Rate Schedule ICS a one-part Commodity Charge governed by Section 37 of the General Terms and Conditions of this Tariff for each unit of gas received for transportation and compression, together with such other charges as are identified in this Tariff. The maximum Monthly Commodity Charge shall be the applicable maximum unit rate set out in this Tariff multiplied by the quantity of gas actually received by Canyon for transportation during the billing month.

(b) Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 35 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

Effective Date: 11/01/1997 Status: Effective  
FERC Docket: RP97- 66-006

**Second Revised Sheet No. 30** Second Revised Sheet No. 30 : Effective  
Superseding: First Revised Sheet No. 30

RATE SCHEDULE ICS  
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5.2 Shipper shall reimburse Canyon for any Fuel Gas and Unaccounted For Gas in transporting gas hereunder in kind as provided by Section 1.10 of the General Terms and Conditions.

5.3 (a) Shipper shall reimburse Canyon within five (5) days after costs have been incurred by Canyon for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) If Canyon constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement between the parties either:

(1) Shipper shall reimburse Canyon for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) Canyon shall assess a monthly charge reflecting such facility costs.

5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes received by Canyon from Shipper under this Rate Schedule ICS.

5.5 (a) Canyon shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in:  
(1) the rates and charges applicable under this Rate Schedule ICS, including both the level and design of such rates and charges; or  
(2) the terms and conditions of this Rate Schedule ICS. Canyon agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Canyon's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

Effective Date: 07/01/2002 Status: Effective  
FERC Docket: RP02-356-000

**Second Revised Sheet No. 31** Second Revised Sheet No. 31 : Effective  
Superseding: First Revised Sheet No. 31

RATE SCHEDULE ICS  
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(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits Canyon to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the ICS Agreement or a separate discount agreement, be increased to the highest such rate. Should additional documentation be required in order for Canyon to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by Canyon. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires Canyon to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate.

5.6 Canyon may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the ICS Agreement or in a separate discount agreement, charge any individual Shipper for service under this Rate Schedule ICS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate charged may not be less than the applicable minimum rate for service under Rate Schedule ICS set forth in this Tariff. Canyon will confirm any verbal notice of the applicable rate in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Unless otherwise agreed in the ICS Agreement or in a separate discount agreement, Canyon may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the ICS Agreement and/or any discount agreement) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Canyon shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.7 All revenues collected by Canyon as a result of providing service under this Rate Schedule ICS shall be retained by Canyon unless Canyon has otherwise explicitly agreed on a different disposition of such amounts.

Effective Date: 07/01/2002 Status: Effective

FERC Docket: RP02-356-000

**Second Revised Sheet No. 32** Second Revised Sheet No. 32 : Effective

Superseding: 2nd Sub First Revised Sheet No. 32

RATE SCHEDULE ICS

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6. NOMINATIONS, SCHEDULING CHARGES, IMBALANCES AND OVERRUN CHARGES

(a) Shipper shall provide Canyon with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause gas to be delivered to Canyon at Receipt Point(s), and to cause gas to be taken from Canyon at Delivery Point(s), in accordance with the information supplied to Canyon.

(b) It shall be Shipper's responsibility to keep receipts and deliveries in balance. Canyon may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance. Any imbalance between actual receipts and actual deliveries shall be eliminated by cashout on a monthly basis in accordance with the General Terms and Conditions of this Tariff.

Effective Date: 11/01/2001 Status: Effective  
FERC Docket: RP00-347-002

**Substitute Third Revised Sheet No. 33** Substitute Third Revised Sheet No. 33 : Effective  
Superseding: Second Revised Sheet No. 33

RATE SCHEDULE ICS  
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7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) An ICS Agreement shall include all available Receipt and Delivery Points on Canyon's System, as more fully set out in the General Terms and Conditions of this Tariff. Canyon's aggregate maximum obligation to accept and deliver gas on an interruptible basis shall be specified in Dth in the ICS Agreement. The volumes available at each Receipt and Delivery Point, and the related priorities, shall be governed by the General Terms and Conditions of this Tariff.

(b) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(c) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where gas is tendered to Canyon hereunder; and (2) at or downstream of the Delivery Point(s) where Canyon delivers gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule ICS and must be coordinated with Canyon.

8. OVERRUN SERVICE

Upon request of Shipper, Canyon may (but is not obligated to) receive, compress, and deliver on any day quantities of natural gas in excess of Shipper's MDQ under the ICS Agreement when, in Canyon's reasonable judgment, the capacity and operating capability of its System will permit such receipt, compression and delivery without impairing the ability of Canyon to meet its other obligations. In granting requests for Authorized Overrun Service, Canyon shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay Canyon the applicable rate for Authorized Overrun Service set forth in this Tariff. For Authorized Overrun Service hereunder, Shipper shall pay the Authorized Overrun Charge. Shipper shall pay Canyon an Unauthorized Overrun Charge (in addition to the Authorized Overrun Charge) if gas tendered to Canyon or deliveries to Shipper under an ICS Agreement exceed the MDQ under such ICS Agreement without authorization from Canyon. The Unauthorized Overrun Charge shall be equal to the spot price of gas as measured by the relevant spot price index for gas deliveries out of the Rocky Mountains published by Gas Daily (or if an appropriate Gas Daily index is not available, other publication which is of general use in the industry) for the day on which the unauthorized overrun occurred. Notwithstanding the foregoing, Canyon shall waive the Unauthorized Overrun Charge (but not the Authorized Overrun Charge) by the time billing is made if no operational problems were created by the unauthorized overrun.

Effective Date: 12/01/1993 Status: Effective  
FERC Docket: RS92- 57-003

**Original Sheet No. 34** Original Sheet No. 34 : Effective

RATE SCHEDULE ICS

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9. WAIVERS

Canyon may waive any rights hereunder or any obligations of Shipper on a basis which is not unduly discriminatory; provided that no waiver shall operate or be construed as a waiver of other or future rights or obligations, whether of a like or different character.

10. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule ICS and shall apply to service rendered hereunder as though stated herein.

*Effective Date: 12/01/1993 Status: Effective*

*FERC Docket: RS92- 57-003*

**Sheet Nos. 35 - 99** Sheet Nos. 35 - 99 : Effective

Sheet Nos. 35 through 99  
are being reserved for  
future use.

Effective Date: 09/24/2001 Status: Effective  
FERC Docket: RP01-515-000

**Fourth Revised Sheet No. 100** Fourth Revised Sheet No. 100 : Effective  
Superseding: Third Revised Sheet No. 100

GENERAL TERMS AND CONDITIONS  
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1. DEFINITIONS

1.1 AFFILIATE-SHIPPER

"Affiliate-Shipper" shall mean an entity which directly or indirectly through one or more intermediaries, controls or is controlled by or under common control with another person.

1.2 AGREEMENT

"Agreement" shall mean a transportation agreement subject to, as applicable, Rate Schedule FCS or Rate Schedule ICS.

1.3 BUSINESS DAY

Monday through Friday, 8:00 a.m. to 4:30 p.m. Central Clock Time excluding Federal Banking Holidays.

1.4 CONTRACT DEMAND

"Contract Demand" shall mean the MDQ as set forth in an Agreement.

1.5 INTERACTIVE WEBSITE

The term "Interactive Website" shall mean the interactive internet web site maintained by Canyon for communication regarding its transportation and storage service in accordance with applicable Commission Regulations and GISE standards, as more fully described in Section 15 of these General Terms and Conditions.

1.6 DAY

"Day" shall mean a period from nine o'clock (9:00) a.m. to nine o'clock (9:00) a.m. Central Clock Time.

1.7 DELIVERY POINT

"Delivery Point" shall mean any point at which Canyon delivers to or for the account of Shipper, gas which has been transported by Canyon under an Agreement.

**Third Revised Sheet No. 101** Third Revised Sheet No. 101 : Effective  
Superseding: Second Revised Sheet No. 101

GENERAL TERMS AND CONDITIONS  
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1.8 DTH

The term "Dth" shall mean one million (1,000,000) Btus and is equivalent to one (1) MMBtu.

1.9 ELECTRONIC DATA INTERCHANGE ("EDI")

The term "EDI" shall mean Electronic Data Interchange.

1.10 EQUIVALENT VOLUMES

"Equivalent Volumes" shall mean the sum of the volumes of gas measured in Dth received by Canyon for the account of Shipper at the Receipt Points during any given period of time: (a) reduced by (i) Shipper's pro rata share of Fuel Gas and Unaccounted For Gas resulting from the operations of Canyon hereunder during the same period of time, and (ii) any gas vented as provided in Section 5.6 hereof during the same period of time; and (b) adjusted for any variations in Btu content, as corrected for any water vapor in excess of five (5) pounds per million (1,000,000) cubic feet of gas, it being the intent of the parties that the volumes of gas delivered hereunder at the Delivery Point after transportation be the thermal equivalent of the volumes of gas delivered at the Receipt Point for transportation, after reduction, correction and adjustment as provided above.

In determining Equivalent Volumes for redelivery, Canyon shall formulate a thermal balance evaluating inputs to, and deliveries from, the System at least once each month. The difference between Btus delivered to Canyon for transportation from all Shippers and Btus redelivered to all Shippers hereunder, shall be deemed Fuel Gas and Unaccounted For Gas. Each Shipper shall provide such Fuel Gas and Unaccounted For Gas pro rata to the actual Btus of gas delivered by such Shipper to Canyon during the period covered by the thermal balance; provided, however, that each Shipper shall be responsible for Unauthorized Overrun Gas delivered by Shipper to Canyon which is vented under Section 5.6; and provided further that Fuel Gas shall not exceed the actual Fuel Gas as defined in Section 1.13 hereof. Notwithstanding the foregoing, the thermal balance shall be adjusted to eliminate the effect of changes in line pack that month, if any. The formula used to determine the delivery quantity shall be:  $[1 - (\text{fuel percent}/100)]$  multiplied by the receipt quantity (rounded to the nearest Dth). For purposes of this formula, the fuel percentage shall reflect lost and unaccounted for gas.

Effective Date: 11/01/1997 Status: Effective  
FERC Docket: RP97- 66-006

**Second Revised Sheet No. 102** Second Revised Sheet No. 102 : Effective  
Superseding: First Revised Sheet No. 102

GENERAL TERMS AND CONDITIONS  
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Upon the mutual agreement of Canyon and Shipper, in lieu of Canyon retaining gas in kind, Shipper shall reimburse Canyon for Fuel Gas and Unaccounted For Gas at a mutually agreed upon price.

1.11 EXISTING SHIPPER

"Existing Shipper" shall mean those entities which have an effective Contract Demand pursuant to the provisions of an executed Agreement with Canyon; provided, however, that Affiliate-Shippers shall be considered to be Existing Shippers upon execution of an Agreement.

1.12 FERC

"FERC" or "Commission" shall mean the Federal Energy Regulatory Commission or any federal commission, agency or other governmental body or bodies succeeding to, lawfully exercising or superseding any powers which are exercisable by the Federal Energy Regulatory Commission.

1.13 FUEL GAS

"Fuel Gas" shall mean the thermal equivalent of that volume of gas actually used by Canyon to effect the transportation of Shipper's gas hereunder from the Receipt Points to the Delivery Points, as determined by Canyon.

1.14 GAS

"Gas" shall mean combustible hydrocarbon gas.

1.15 HEATING VALUE

The term "heating value" shall mean the number of Btus per cubic feet of gas at the base condition of 14.73 psia 60 degrees Fahrenheit dry. The Btu value will be determined utilizing the complete actual composition of the gas according to the methods in GPA Standard 2172-96, titled "Calculation of Gross Heating Value, Relative Density and Compressibility Factor for Natural Gas Mixtures from Compositional Analysis," and corrected to the base conditions. For reporting purposes, Btu conversion factors will be reported to not less than three (3) decimal places and Pressure Base conversion factors will be reported to not less than six (6) decimal places. For calculation purposes, not less than six (6) decimal places will be used for both conversion factors.

Effective Date: 11/02/1998 Status: Effective  
FERC Docket: RP99- 64-000

**Fourth Revised Sheet No. 103** Fourth Revised Sheet No. 103 : Effective  
Superseding: Third Revised Sheet No. 103

GENERAL TERMS AND CONDITIONS  
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1.16 MCF

"Mcf" shall mean one thousand (1,000) cubic feet of gas.

1.17 MDQ

"MDQ" shall mean the maximum daily quantity of gas which Canyon is obligated to receive or deliver at each Receipt or Delivery Point or in the aggregate, as specified in the Agreement.

1.18 MONTH

"Month" shall mean the period beginning on the first day of any calendar month and ending on the first day of the next succeeding calendar month.

1.19 NOMINATION

"Nomination" shall mean the written requests for transportation submitted pursuant to Section 9.

1.20 OPERATIONAL BALANCING AGREEMENT ("OBA")

An OBA is a contract between two parties which specifies the procedures to manage operating variances at an interconnect.

1.21 OVERRUN GAS

"Overrun Gas" shall mean those volumes of gas tendered for transportation by Shipper on any day in excess of its currently effective Contract Demand or MDQ, to the extent such gas is scheduled under Section 9 hereof.

1.22 PROSPECTIVE SHIPPER

"Prospective Shipper" shall mean those entities which do not have a currently effective Contract Demand.

Effective Date: 08/01/1999 Status: Effective  
FERC Docket: RP99-417-001

**Substitute Fourth Revised Sheet No. 104** Substitute Fourth Revised Sheet No. 104 : Effective  
Superseding: Third Revised Sheet No. 104

GENERAL TERMS AND CONDITIONS  
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1.23 RECEIPT POINT

"Receipt Point" shall mean any point at which gas is tendered by or for the account of Shipper to Canyon for transportation as specified in an Agreement or as applicable to service under such Agreement by operation of this Tariff.

1.24 REQUESTS FOR CAPACITY

"Requests for Capacity" as used in Section 4 shall mean a valid request by any Prospective Shipper for service or by an Existing Shipper for additional service under Rate Schedule FCS.

1.25 SHIPPER

"Shipper" may refer to Existing Shippers, Prospective Shippers, FCS Shippers, or ICS Shippers, individually or collectively, depending on the context. In addition, in a given context, Shipper may refer to an entity which is seeking to become a Shipper.

1.26 STANDARD REPORTING BASIS

Standardize the reporting basis for Btu as 14.73 psia and 60 degrees F (101.325 kPa and 15 degrees C, and dry). Standardize the reporting basis for gigacalorie as 1.035646 Kg/cm squared and 15.6 degrees C, and dry.

Standardize the reporting basis for gas volumes as cubic foot at standard conditions of 14.73 psia, 60 degrees F, and dry. For gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, 15 degrees C, and dry.

1.27 SYSTEM

"System" shall mean the pipeline, any compression, and related facilities owned by Canyon.

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FERC Docket: RP01-460-001

**Substitute Third Revised Sheet No. 104A** Substitute Third Revised Sheet No. 104A : Effective  
Superseding: Second Revised Sheet No. 104A

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1.28 UNACCOUNTED FOR GAS

"Unaccounted For Gas" shall mean the thermal equivalent of the difference between the sum of all input volumes of gas to the System and the sum of all output volumes of gas from the System, which difference shall include but shall not be limited to gas vented (other than gas vented pursuant to Section 5.6 hereof or changes, if any, in line pack during that month) and gas lost as a result of an event of Force Majeure, the ownership of which cannot be reasonably identified, but shall not include Fuel Gas.

1.29 UNAUTHORIZED OVERRUN GAS

"Unauthorized Overrun Gas" shall mean Overrun Gas not accepted by Canyon for scheduling pursuant to Section 5.6 hereof.

1.30 YEAR

"Year" shall mean a period of three hundred sixty-five (365) consecutive days or three hundred sixty-six (366) consecutive days if such period includes February 29.

1.31 NEGOTIATED RATE

"Negotiated Rate" shall mean a rate which Canyon and Shipper have agreed will be charged for the service under Rate Schedule FCS or ICS and which is subject to Section 35 of these General Terms and Conditions. Such rate may be between the stated maximum and minimum rate or may at all times or from time to time exceed the maximum rate for service or be less than the applicable minimum rate under Rate Schedule FCS or ICS, as applicable. Any Agreement entered into after the effective date of this subsection which provides for a rate under Rate Schedule FCS or ICS other than the applicable maximum rate shall contain a provision setting out the mutual agreement of the parties, consistent with Commission policy, as to whether the pricing terms represent a discounted rate or a Negotiated Rate.

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Superseding: Original Sheet No. 104B

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1.32 NEGOTIATED RATE FORMULA

"Negotiated Rate Formula" shall mean a rate formula which Canyon and Shipper have agreed will be applied to service under Rate Schedule FCS or ICS and which is subject to Section 35 of these General Terms and Conditions. Such rate formula may result in a rate between the stated maximum and minimum rate or may result in a rate which at all times or from time to time exceeds the maximum rate for service or is less than the applicable minimum rate under Rate Schedule FCS or ICS, as applicable. Any Agreement entered into after the effective date of this subsection which provides for a rate under Rate Schedule FCS or ICS other than the applicable maximum rate shall contain a provision setting out the mutual agreement of the parties, consistent with Commission policy, as to whether the pricing terms represent a discounted rate or a rate pursuant to a Negotiated Rate Formula.

1.33 RECOURSE RATE

"RECOURSE RATE" shall mean the applicable maximum rate(s), which would apply to the service but for the rate flexibility, allowed under Section 35 hereof.

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2. RESERVED FOR FUTURE USE

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**Original Sheet No. 106** Original Sheet No. 106 : Effective

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3. RESERVED FOR FUTURE USE

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**First Revised Sheet No. 107** First Revised Sheet No. 107 : Effective  
Superseding: Original Sheet No. 107

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4. EXPANSION OF THE SYSTEM

Canyon may be willing to expand the System to make capacity available to a Shipper under Rate Schedule FCS whenever such an expansion is deemed, in Canyon's sole judgment, economically and technically feasible, subject to the following conditions:

(a) Canyon does not have adequate unutilized capacity in the System to accommodate the Nominations or Requests for Capacity of Existing and Prospective Shippers accepted by Canyon pursuant to this Tariff.

(b) Canyon has received an executed revised Agreement from each Existing and Prospective Shipper requesting capacity such that the total Contract Demands of all Existing and Prospective Shippers under executed Agreements substantially equals the prospective new System capacity.

(c) The nature, extent and timing of facilities required for any expansion shall be at the sole discretion of Canyon.

(d) Canyon receives acceptable assurance that Shipper requesting additional capacity meets the credit criteria outlined herein.

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5. PRIORITY OF SERVICE

5.1 ALLOCATION OF CAPACITY

This Section 5.1 governs the allocation of firm capacity on Canyon's System among entities requesting firm services. In assigning priority to otherwise valid requests for any particular firm service, Canyon shall afford priority based on rate, term, and volume, applying consistent and objective economic criteria. In applying such criteria where a Negotiated Rate or Negotiated Rate Formula is involved, the value assigned to a request which includes a Negotiated Rate or Negotiated Rate Formula shall be limited by the Recourse Rate as provided in Section 35 of these General Terms and Conditions. Requests with the same rate, term, and volume for the same type of firm service shall be assigned priority on a first come, first served basis. In the event valid requests for the same type of firm service are received on the same day and there is insufficient capacity to serve all such Shippers, Canyon shall allocate the available capacity on a pro rata basis based on each Shipper's requested MDQ. Canyon shall not be required to grant otherwise valid requests at less than the applicable maximum rate, but may do so on a non-discriminatory basis.

5.2 SCHEDULING OF FIRM SERVICES

(a) While firm services are not ordinarily interrupted due to lack of capacity, capacity constraints may exist from time to time or interruption of service may be necessary for certain other reasons. Canyon may decline to schedule and/or may curtail firm service for any of the following reasons:

(1) If Shipper tenders gas which does not conform to the applicable pressure or quality requirements of these General Terms and Conditions;

(2) For reasons of Force Majeure;

(3) Due to routine repair and maintenance to be reasonably determined by Canyon;

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(4) Pursuant to Section 5.8 of these General  
Terms and Conditions;

(5) To rectify imbalances or to conform physical  
flows to nominations to the extent consistent with the specific  
Rate Schedule;

(6) To maintain System integrity; or

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FERC Docket: RP99- 64-000

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Superseding: Original Sheet No. 109

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(7) If there is a dispute over title, ownership or right to tender or to receive gas.

Without limitation to the foregoing, Canyon shall have the right to reduce receipts or deliveries of natural gas on any day below Shipper's MDQ to permit maintenance, repair, overhaul, replacement, or construction of pipelines, compressors, metering, regulating, or other transmission facilities and equipment, or to maintain System integrity; provided, however, that with respect to routine repair and maintenance, Canyon will attempt to schedule such activity during a period when it will not result in curtailment to firm services, or when such curtailment will be minimized, after consulting with the Shippers which could be affected.

(b) For the purposes of scheduling and curtailing gas, all firm services shall have priority within MDQ over all interruptible services. All firm services at primary points shall have equal priority to Canyon's System capacity. Service requested at secondary points shall have the priority described in Section 5.3. To the extent capacity does not exist to provide for all volumes nominated by Shippers on a firm basis within MDQ at primary points and along any path defined by primary points under all firm Rate Schedules, scheduling and curtailment shall be pro rata based on confirmed nominations within MDQ on any portion of Canyon's System affected by a capacity constraint.

(c) For Shippers under all firm services, Canyon shall provide notice of any curtailment or of any scheduling restriction as far in advance as feasible. Canyon shall attempt to provide at least two (2) days' prior notice, unless more timely action is necessary to respond to a Force Majeure situation, to balance the Agreement to the extent consistent with the applicable Rate Schedule, or to maintain System integrity.

(d) Canyon and a Shipper under any firm service may add or delete primary Delivery or Receipt Points from time to time by mutual agreement. Subject to the availability of firm capacity at the requested point, Canyon shall agree to any such change in primary Delivery or Receipt Point to the extent such new point is within the transportation path of the existing primary points. At other points, Canyon shall agree to a change to the extent that firm transmission and point capacity is available after taking into account existing capacity commitments under other firm Agreements.

(e) Firm intra-day nominations are entitled to bump scheduled interruptible volumes, as defined in Sections 5.4 and 5.6, only during the Evening and Intra-day 1 Nomination Cycles, as defined in Section 9.2. Firm intra-day nominations are not entitled to bump already scheduled firm volumes.

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5.3 SECONDARY POINTS

(a) Shippers under Rate Schedule FCS shall have the right to use all Receipt and Delivery Points on Canyon's System as secondary Receipt and Delivery Points. The MDQ at any secondary point shall be equal to the aggregate MDQ. The priority of service at secondary points under Rate Schedule FCS shall be governed by the remainder of this Section 5.3.

(b) Service at the secondary Receipt and Delivery Points shall be provided to the extent capacity is available at such points after all nominations for primary point service under all of Canyon's firm Agreements have been satisfied. No secondary point service shall be provided in excess of a Shipper's secondary point MDQ except as overrun service. Unless a capacity constraint exists at the point, a secondary point nomination at a point within a path created by Shipper's primary points shall be treated the same as a nomination by Shipper at a primary point. For a secondary point outside such a path, service at the point and service to or from the point shall have priority over interruptible service but shall be subordinate to nominations for primary point service. Service to or from such a secondary point outside the path shall also be subordinate to secondary point service within the path to the extent both services utilize the same capacity. If a capacity constraint exists at the point, subsection (c) shall govern. Secondary point service shall not be subject to curtailment or allocation [except as set out in Section 5.2(a)] if no capacity constraint exists at the point or on any segment to or from the point.

(c) If nominations by all Shippers for secondary point service for which such Shippers are eligible exceed Canyon's available capacity at any secondary point, available capacity for scheduling purposes shall be allocated on a first come, first served basis, determined as of the date a valid request was received for that particular secondary point. If curtailment is necessary, such curtailment shall be pro rata with primary points, based on each Shipper's confirmed nomination at that secondary point.

(d) Notwithstanding the foregoing, unless a nomination for service at a secondary point is submitted by the date nominations are due under these General Terms and Conditions for service to commence on the first day of a month, that nomination shall [subject to the remainder of this subsection (d)] be subordinate for that month to timely first-of-the-month nominations

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for secondary point service. Once service under a firm Rate Schedule has commenced during a month at the secondary point, the service will not be interrupted during that month as a result of subsequent nominations for secondary point service that would have had higher priority if submitted as a timely first-of-the-month nomination except as follows: (1) properly submitted and confirmed mid-month firm service nominations at primary points will supersede any secondary point service; and (2) properly submitted and confirmed mid-month nominations at secondary points within a path created by primary points will supersede secondary point service outside the path unless the capacity constraint is only at the point. Confirmed mid-month nominations within MDQ at a secondary point by a holder of firm service will interrupt service at that point under any interruptible Rate Schedule.

5.4 INTERRUPTIBLE SERVICES

This Section 5.4 governs the priority of interruptible services, other than secondary point services under firm Agreements, on Canyon's System. All interruptible services shall have equal priority for capacity in accordance with the procedures set out in this Section 5.4.

(a) Canyon's interruptible transportation service, other than service at secondary points under firm Agreements (which is covered in Section 5.3), shall be provided to the extent capacity is available after scheduling all of Canyon's firm transportation service at primary and/or secondary points. Canyon may decline to schedule and/or may curtail interruptible service for any of the following reasons:

- (1) If Shipper tenders gas which does not conform to the applicable pressure or quality requirements of these General Terms and Conditions;
- (2) For reason of Force Majeure;
- (3) Due to routine repair and maintenance to be reasonably determined by Canyon;
- (4) Pursuant to Section 5.8 of these General Terms and Conditions;

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**Original Sheet No. 111A** Original Sheet No. 111A : Effective

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(1) If Shipper tenders gas which does not conform to the applicable pressure or quality requirements of these General Terms and Conditions;

(2) For reason of Force Majeure;

(3) Due to routine repair and maintenance to be reasonably determined by Canyon;

(4) Pursuant to Section 5.8 of these General Terms and Conditions;

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**Second Revised Sheet No. 112** Second Revised Sheet No. 112 : Effective  
Superseding: First Revised Sheet No. 112

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(5) To rectify imbalances or to conform physical flows to nominations to the extent consistent with the specific Rate Schedule;

(6) To maintain System integrity;

(7) If there is a dispute over title, ownership or right to tender or receive gas; or

(8) If capacity is required to provide a service with higher priority.

(c) (1) If nominations under interruptible Agreements on any day exceed Canyon's available capacity on that day to provide such services, Canyon shall, to the extent possible given the priorities imposed by upstream or downstream transporters, allocate available capacity as set out in this subsection (c) among Shippers which have executed interruptible Agreements.

(i) Canyon shall schedule interruptible services (including authorized overrun) based on the rate to be paid, from highest to lowest daily rate, with service for which the highest daily rate being paid is scheduled first. Any Shipper paying the maximum rate applicable to its service (or revenue equal to or greater than the applicable maximum rate pursuant to a Negotiated Rate or Negotiated Rate Formula) shall be afforded highest priority even if a Shipper which has agreed to a Negotiated Rate or Negotiated Rate Formula is paying a higher unit rate.

(ii) In the event there is insufficient capacity to schedule all services for which the same rate is to be paid, Canyon shall allocate the available capacity pro rata based on the confirmed nomination volume.

(2) Notwithstanding Section 5.4(c)(1) hereof, Canyon reserves the right, after a one (1) day notice, to interrupt service to any interruptible Shipper paying a discount rate to enable Canyon to provide service to another Shipper if such service would result in a higher unit rate; provided, however, that Canyon will not interrupt service to a Shipper paying the applicable maximum rate (or revenue equal to or greater than the applicable maximum rate pursuant to a Negotiated Rate or Negotiated Rate Formula) even if a Shipper which has agreed to a Negotiated Rate or a rate under a Negotiated Rate Formula would pay a higher unit rate. Within such one (1) day period, Shipper shall be allowed to increase its rate by any amount up to the applicable maximum rate specified in this Tariff. A Shipper agreeing to increase its rate hereunder shall be entitled to any higher priority associated with such higher rate; provided, however,

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that any Shipper paying the maximum rate applicable to its service (or revenue equal to or greater than the applicable maximum rate pursuant to a Negotiated Rate or Negotiated Rate Formula) shall be afforded highest priority even if a Shipper which has agreed to a Negotiated Rate or Negotiated Rate Formula is paying a higher unit rate. Among Shippers paying less than the applicable maximum rate, priority shall be determined based on rate level. Among Shippers agreeing to pay the same rate as of the termination of the one (1) day notice period, the priorities set out in Section 5.4(b)(1) shall apply. No Shipper may obtain a higher priority during any period of interruption to which a notice relates by agreeing to an increased rate after the end of the one (1) day notification period.

(d) Canyon shall redetermine the priority of each Shipper under this Section 5.4 and reallocate capacity hereunder on a daily or such other periodic basis as is necessary for Canyon to recognize the priority of new Shippers or any changes in the priorities of existing Shippers, to assure service to its firm Shippers and to accommodate the operational requirements of its System. The priorities hereunder shall be applied on an Agreement-by-Agreement basis.

(e) An Agreement under Rate Schedule ICS will include all Receipt and all Delivery Points available on Canyon's System. Notwithstanding the foregoing, a Shipper may not utilize a point for which there is no regulatory authorization to receive or deliver gas under the Agreement.

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**Second Revised Sheet No. 114** Second Revised Sheet No. 114 : Effective  
Superseding: First Revised Sheet No. 114

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5.5 CAPACITY CONSTRAINTS

If Canyon experiences a capacity constraint on a portion of its System or at specific points, it shall (to the extent practicable), apply the scheduling and curtailment provisions hereof, for both firm and interruptible services, only to those Shippers with service affected by that portion of the System or at those points. Canyon shall endeavor to restrict curtailment to as limited a geographical area, number of Shippers and services as reasonably feasible, given the operational capabilities of its System.

5.6 UNAUTHORIZED OVERRUN

No Shipper shall have any right to tender Unauthorized Overrun Gas. Unauthorized overruns are subject to penalty as set out in the individual Rate Schedules. To the extent Canyon is unable to transport Unauthorized Overrun Gas without jeopardizing the safety of Canyon's operations and/or its ability to meet its contractual obligations to other Shippers, such decisions to be solely within the judgment and discretion of Canyon, Canyon shall have the right to vent, without incurring any liability to Shipper, or any third party, such Unauthorized Overrun Gas as it is unable to transport. However, Canyon shall use its best efforts to avoid or minimize such venting.

**First Revised Sheet No. 115** First Revised Sheet No. 115 : Effective  
Superseding: Original Sheet No. 115

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5.7 OTHER TRANSPORTERS

Canyon's application of the priorities hereunder shall be subject to the actions of other transporters delivering or receiving gas on behalf of Shippers.

5.8 DELINQUENCY IN PAYMENT

(a) Irrespective of any otherwise applicable priority, Canyon may suspend service to any Shipper which is delinquent in payments under any Agreement, subject to the following conditions:

(1) Canyon shall give Shipper initial written notice of the delinquency and of Canyon's intent to curtail if the deficiency is not cured. If the delinquency is not remedied within twenty (20) days of such initial notice, Canyon shall give final notice of its intent to curtail. If the deficiency is still not remedied within ten (10) days of such final notice, Canyon may suspend service. Canyon shall simultaneously provide written notice to the Commission of any curtailment hereunder; and

(2) Canyon shall not curtail, or shall cease curtailing, under this provision if Shipper cures any deficiency and provides adequate assurances of future performance by any of the means specified in Section 14 of these General Terms and Conditions.

(b) If at any time Canyon is not reasonably satisfied with Shipper's credit or ability to pay based on information received by Canyon, Canyon may request in writing that Shipper provide within ten days the information specified for a credit appraisal under Section 14 of these General Terms and Conditions. If Shipper fails to provide the information on a timely basis or make a timely election and comply on a timely basis with any of the means of providing adequate assurances of future performance or security included in the options available under these General Terms and Conditions, Canyon may [after providing the requisite notice in

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**Original Sheet No. 116** Original Sheet No. 116 : Effective

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accordance with subsection (a)] cease providing service until Shipper complies with the applicable requirement. Canyon shall simultaneously notify the Commission in writing of any curtailment under this provision.

(c) In the event of a billing dispute, withholding of payment by Shipper shall be considered a delinquency in payment except to the extent specified in the applicable Agreement, subject to Section 13.4 of these General Terms and Conditions.

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6. RECEIPT POINTS

6.1 FACILITIES AT RECEIPT POINTS

Unless otherwise agreed by Canyon, Canyon shall own, operate and maintain all pipeline and measurement facilities necessary to receive and measure gas hereunder. In the event any such facilities are installed by Canyon, Section 8 of these General Terms and Conditions shall apply.

6.2 OBLIGATION

Canyon's maximum obligation to receive gas at the Receipt Point(s) under the Agreement shall never exceed the lesser of: (a) the applicable MDQ under the Agreement in the aggregate or at individual points, as specified in the Agreement or as applicable at such point under this Tariff; or (b) the total daily volume Shipper or its designee is able and willing to tender at the Receipt Point(s).

6.3 LOCATION

Unless otherwise described in the Agreement, the Receipt Point(s) for transportation Agreements shall be located at the interconnection between the facilities of Shipper, or its designee, and the facilities of Canyon.

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**First Revised Sheet No. 118** First Revised Sheet No. 118 : Effective  
Superseding: Original Sheet No. 118

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7. DELIVERY OF GAS FOR THE ACCOUNT OF SHIPPER

7.1 DELIVERY VOLUMES

Commencing on the date of first acceptance by Canyon of natural gas delivered by or on behalf of Shipper at the Receipt Point(s) pursuant to an Agreement, and continuing thereafter during the term of that Agreement, Canyon shall deliver Equivalent Volumes, or cause Equivalent Volumes to be delivered in uniform hourly amounts to Shipper, or to a mutually agreeable third party for Shipper's account, at the Delivery Point(s) described in the Agreement or applicable to the Agreement under this Tariff. In determining Equivalent Volumes, Canyon shall retain gas in kind for Fuel Gas and Unaccounted For Gas, based on the percentage Rates set out in Section 1.12 of the General Terms and Conditions of this Tariff.

7.2 DELIVERY FACILITIES

Unless otherwise agreed by Canyon, Canyon shall own, operate and maintain all pipeline and measurement facilities necessary to deliver and measure gas hereunder. In the event any such facilities are installed by Canyon, Section 8 of these General Terms and Conditions shall apply.

7.3 OBLIGATIONS

Canyon's maximum obligation to deliver gas at the Delivery Point(s) under an Agreement shall never exceed the lesser of: (a) the applicable MDQ under the Agreement in the aggregate or at each point as specified in the Agreement or as applicable to any point under this Tariff; or (b) the total daily volume Shipper or its designee is willing and able to receive at the Delivery Point(s).

7.4 HOURLY LIMITATIONS

Canyon shall not be obligated, during any hour, to deliver a total volume of gas at any Delivery Point in excess of six and twenty-five hundredths percent (6.25%) of Shipper's aggregate MDQs for firm service at such Delivery Point, and Canyon may impose such restriction whenever, in Canyon's sole judgment, such restriction is necessary in order to meet its delivery obligations. However, in the event that Shipper's load pattern temporarily

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requires deliveries at any Delivery Point in excess of such restriction, Canyon will, on request of Shipper, use its best efforts to accommodate such load pattern, and will consult with Shipper in an effort to generally accommodate load variation to the maximum extent feasible and compatible with the needs of Shippers as a group. If, after written request by Canyon, Shipper fails to restrict its hourly takes as specified herein, Canyon may install and operate a load limiting device at any Delivery Point where such failure has occurred. The cost for such device, including the cost of installation, shall be paid by Shipper within thirty (30) days of its receipt of the bill therefor.

7.5 LOCATION

Unless otherwise described in an Agreement, the Delivery Point(s) for transportation Agreements shall be located at the interconnection between the facilities of Shipper or its designee, and the facilities of Canyon.

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8. NEW FACILITIES CHARGE

8.1 Canyon shall not be obligated to construct, acquire, modify or expand any facilities for service under this Rate Schedule. When new and/or expanded facilities are required to accommodate receipt and/or delivery of gas and Canyon determines at its sole discretion to install such facilities in order to render service pursuant to this Rate Schedule, Shipper shall pay all construction costs, including any filing fees and any gross-up for income taxes, associated with such facilities unless Canyon agrees otherwise.

8.2 Notwithstanding the provisions under Section 8.1 hereof, if Canyon constructs, acquires or modifies any facilities to perform service hereunder, then either:

(a) Shipper shall reimburse Canyon for the costs of such facilities; or

(b) Canyon shall assess a monthly charge, based on the cost of service reflecting such facilities costs; whichever option is specified in the agreement concerning the building of the facilities.

8.3 To the extent Shipper is required to build facilities to interconnect with Canyon's System, such facilities shall be in conformance with the U.S. Department of Transportation Regulations and shall be subject to inspection and prior approval by Canyon.

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**Sixth Revised Sheet No. 121** Sixth Revised Sheet No. 121 : Effective  
Superseding: Fifth Revised Sheet No. 121

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9. NOMINATION/REPORTING AND BALANCING

9.1 GENERAL

(a) Canyon provides personnel available to handle nominations seven (7) days a week, twenty-four (24) hours a day. Whenever Shipper desires service, Shipper shall furnish to Canyon a separate nomination for each nominated Receipt and Delivery Point under each transportation Agreement with a beginning and end date for flow, or beginning hour, if applicable, which can be for any duration within the term of the applicable Agreement; provided, however, any such nomination shall not be binding to the extent Shipper submits subsequent nomination(s). All nominations should be considered original nominations and should be replaced to be changed. When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only.

(b) For non-Intra-day Nominations, a rollover option is available such that a Shipper shall have the ability to nominate for several days, months, or years, provided the nomination begin and end dates are within the term of the Shipper's contract. All nominations should be based on a daily quantity and all volumes shall be expressed in Dth per day and shall be stated for each Receipt and Delivery Point.

(c) If an upstream or downstream party requires additional information, if the volumes transported are subject to a discounted rate, or if additional information is otherwise required by Canyon, then, upon notification by Canyon, Shipper must include in each nomination such additional information as is specified by Canyon. Nominations must be submitted to Canyon through Canyon's Interactive Website, or such other electronic means as are mutually agreed upon by Canyon and Shipper. The sending party should adhere to nomination, confirmation and scheduling deadlines. The receiving party may waive any submittal deadline in this Section 9.

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**Substitute Second Revised Sheet No. 121A** Substitute Second Revised Sheet No. 121A : Effective  
Superseding: Substitute First Revised Sheet No. 121A

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(d) The standard quantity for nominations, confirmation and scheduling is dekatherms per gas day in the United States, gigajoules per gas day in Canada and gigacalories per gas day in Mexico. (For reference, 1 dekatherm = 1,000,000 Btus; 1 gigajoule = 1,000,000,000 joules; and 1 gigacalorie = 1,000,000,000 calories.) For commercial purposes, the standard conversion factor between dekatherms and gigajoules is 1.055056 gigajoules per dekatherm and between dekatherms and gigacalories is 0.251996 gigacalories per dekatherm. The standard Btu is the International Btu, which is also called the Btu (IT); the standard joule is the joule specified in the SI system of units. The International Btu is specified for use in the gas measurement standards of the American Gas Association, the American Petroleum Institute, the Gas Processors Association and the American Society for Testing Materials. For non-commercial purposes, these associations note that the exact conversion factor is 1.05505585262 Gigajoules per Dekatherm.

9.2 STANDARD NOMINATION CYCLES

Canyon supports the following standard nomination cycles:

(a) The Timely Nomination Cycle: 11:30 a.m. for nominations leaving control of the nomination party; 11:45 a.m. for receipt of nominations by Canyon; noon to send Quick Response; 3:30 p.m. for receipt of completed confirmations by Canyon from upstream and downstream connected parties; 4:30 p.m. for receipt of scheduled quantities by shipper and point operator (central clock time on the day prior to flow).

(b) The Evening Nomination Cycle: 6:00 p.m. for nominations leaving control of the nominating party; 6:15 p.m. for receipt of nominations by Canyon; 6:30 p.m. to send Quick Response; 9:00 p.m. for receipt of completed confirmations by Canyon from upstream and downstream connected parties; 10:00 p.m. for Canyon to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (central clock time on the day prior to flow).

Scheduled quantities resulting from an Evening Nomination that does not cause another Service Requester on Canyon to receive notice that it is being bumped should be effective at 9:00 a.m. on the gas Day; and when an Evening Nomination causes another Service Requester on Canyon to receive notice that it is being bumped, the scheduled quantities should be effective at 9:00 a.m. on the gas Day.

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(c) The Intra-day 1 Nomination Cycle: 10:00 a.m. for nominations leaving control of the nominating party; 10:15 a.m. for receipt of nominations by Canyon; 10:30 a.m. to send Quick Response; 1:00 p.m. for receipt of completed confirmations by Canyon from upstream and downstream connected parties; 2:00 p.m. for Canyon to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (central clock time on the gas Day). Scheduled quantities resulting from Intra-day 1 Nominations should be effective at 5:00 p.m. on the gas Day.

(d) The Intra-day 2 Nomination Cycle: 5:00 p.m. for nominations leaving control of the nominating party; 5:15 p.m. for receipt of nominations by Canyon; 5:30 p.m. to send Quick Response; 8:00 p.m. for receipt of completed confirmations by Canyon from upstream and downstream connected parties; 9:00 p.m. for Canyon to provide scheduled quantities to affected shippers and point operators (central clock time on the gas Day). Scheduled quantities resulting from Intra-day 2 Nominations should be effective at 9:00 p.m. on the gas Day. Bumping is not allowed during the Intra-day 2 Nomination Cycle.

(e) For purposes of Section 6.2 (b), (c), and (d), "provide" shall mean, for transmittals pursuant to standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

(f) The rights of a Releasing Shipper to recall capacity within any nomination cycle shall be governed by Section 16.14 of these General Terms and Conditions.

(g) A Shipper which has been awarded firm capacity in a capacity release may submit a nomination using such capacity at the next available opportunity for nominations under this Section 9.2 which occurs on or after the time capacity is awarded, including an intraday nomination in either the Intra-day 1 or the Intra-day 2 Nomination Cycle, and which is consistent with Section 16.9(d) of these General Terms and Conditions.

9.3 TIMELY NOMINATIONS

(a) Timely nominations are nominations submitted consistent with the standard nomination cycle set out in Section 9.2(a).

(b) Nominations received after the timely nomination deadline will be scheduled after the nominations received by that deadline.

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**Fourth Revised Sheet No. 122** Fourth Revised Sheet No. 122 : Effective  
Superseding: Third Revised Sheet No. 122

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9.4 REQUIRED NOMINATION CHANGES

If estimated daily flows under a particular transportation Agreement differ from the confirmed nominations, or if an imbalance has occurred due to some other reason, then prospective nomination change(s) (either receipt or delivery adjustments) may be required to bring the receipt and delivery volumes into balance. When a Shipper receives notification of a required change in the nomination, the Shipper shall be responsible for informing upstream and downstream parties of the prospective change and providing Canyon with a nomination as required in accordance with Section 9.2 hereof.

9.5 INTRA-DAY NOMINATIONS

(a) An intra-day nomination is a nomination submitted after the Timely Nomination Cycle, defined at Section 9.2(a), whose effective time is no earlier than the beginning of the gas Day and which runs through the end of that Day.

(b) Canyon supports the nomination cycles set forth at Section 9.2 during non-Critical Times. During Critical Times, valid intra-day nominations may be submitted at any time.

(c) Canyon will provide notification of bumped volumes through the Scheduled Quantity document, as posted on Canyon's Interactive Website, telephone or telefax consistent with Sections 15 and 24 of the General Terms and Conditions of this Tariff and through Electronic Notice Delivery consistent with GISB Standards as adopted in Section 34 of these General Terms and Conditions. During non-Critical Times, Canyon will waive daily penalties applicable to bumped volumes on the day of the bump. Canyon will also waive penalties if it fails to provide appropriate notice of the bump.

(d) For services that provide for intra-day nominations and scheduling there is no limitation as to the number of intra-day nominations (line items as per GISB Standard 1.2.1) which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles. Canyon may (for an interim period expiring on April 1, 1999) limit Service Requesters to one transmittal of nominations per standard intra-day nomination cycle, (excluding corrections or errors identified in the Quick Response).

(e) Revised predetermined allocations (described in Section 10 hereof) may need to be submitted in conjunction with the Intra-day Nomination in order to properly allocate the gas received at the nominated Receipt Point.

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Superseding: Third Revised Sheet No. 123

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(f) Unless Canyon agrees to the contrary, the revised nomination under an Intra-day Nomination may be limited by Section 9.5(c). Canyon and the interconnecting party will agree on the hourly flows of the Intra-day Nomination.

(g) An Intra-day Nomination is only effective for a single day. There is no need to re-nominate if the Intra-day Nomination is intended to modify the existing nomination. The Shipper should submit a new timely nomination if the Shipper wants to replace the previously submitted standing nomination or commence service for the next gas Day.

(h) Intra-day Nominations can be used to request increases or decreases in total flow, changes to Receipt Points, or changes to Delivery Points of scheduled gas.

9.6 CONFIRMATION BY CANYON

(a) Nominations made in accordance with Sections 9.2, 9.3, 9.4 and 9.5 hereof shall not become effective until Canyon has confirmed the nominated receipts and deliveries with upstream and downstream parties, subject to Section 9.6(c). Shipper shall designate the appropriate person(s) who has the authority to resolve allocation issues, and, if requested by Canyon, the appropriate person(s) to confirm nominations. Confirmations must be submitted to Canyon through its Interactive Website, or such other electronic means as are mutually agreed upon by Canyon and Shipper.

(b) Subject to Section 9.2 and the other provisions of this Tariff, Canyon shall provide Shippers and point operators via

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Superseding: Substitute First Revised Sheet No. 123A

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its Interactive Website, or by EDI, the quantities that have been scheduled to flow for that Shipper and point operator on the next Day.

(c) Default confirmation procedures are as follows:

(i) With respect to the timely nomination/confirmation process at a receipt or delivery point, in the absence of agreement to the contrary, the lesser of the confirmation quantities will be the confirmed quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the lesser of the confirmation quantity or the previously scheduled quantity will be the new confirmed quantity.

(ii) With respect to the processing of requests for increases during the intra-day nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities will be the new confirmed quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the previously scheduled quantity will be the new confirmed quantity.

(iii) With respect to the processing of requests for decreases during the intra-day nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities will be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity will be the new confirmed quantity. Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intra-day nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected.

(iv) With respect to 9.5 (c) (i), (ii), and (iii), if there is no response to a request for confirmation or an unsolicited confirmation response, the Transportation Service Provider will provide the Service Requester with the following information to explain why the nomination failed, as applicable:

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**Fourth Revised Sheet No. 123B** Fourth Revised Sheet No. 123B : Effective  
Superseding: Third Revised Sheet No. 123B

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(1) the Service Requester's Transportation Service Provider did not conduct the confirmation;

(2) the Service Requester is told by its Transportation Service Provider that the upstream confirming party did not conduct the confirmation;

(3) the Service Requester is told by its Transportation Service Provider that the upstream Service Requester did not have the gas or submit the nomination;

(4) the Service Requester is told by its Transportation Service Provider that the downstream confirming party did not conduct the confirmation;

(5) the Service Requester is told by its Transportation Service Provider that the downstream Service Requester did not have the market or submit the nomination.

This information will be imparted to the Service Requester on the Scheduled Quantity document.

9.7 END-OF-GAS-DAY SCHEDULED QUANTITY DOCUMENT

At the end of each gas day, Transportation Service Provider will provide the final scheduled quantities for the just completed gas day. With respect to the implementation of this process via the 1.4.x scheduled quantity related standards, Transportation Service Provider will send an end of gas day Scheduled Quantity document. Receivers of the end of gas day Scheduled Quantity document can waive the sender's sending of the end of gas day Scheduled Quantity document.

9.8 OVERRUN QUANTITIES

Shippers submitting nominations via Canyon's Interactive Website or EDI for transportation of overrun volumes (volumes in excess of the applicable point or Agreement MDQ) may either include such overrun volumes in their nominations for volumes within MDQ, or may submit separate nominations for such overrun volumes. If the Shipper elects to submit a separate nomination, the Shipper should mark that nomination as being for overrun volumes.

**Second Revised Sheet No. 123C** Second Revised Sheet No. 123C : Effective  
Superseding: First Revised Sheet No. 123C

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9.9 DELEGATION

A Shipper may delegate to any third party responsibility for submitting and receiving notices or nominations or performing other administrative duties under any Agreement, and an entity which controls a point of interconnection with Canyon may delegate to any third party responsibility for administering Agreements regarding allocation of gas volumes at the point and/or for administering any Point Operator Agreement subject to the following conditions:

(a) Any designation of such a representative, and any change in such designation, must be in writing and must be submitted at least two (2) business days prior to the requested effective date.

(b) The written designation shall specify any limits on the authority of the representative, including any time limit on the designation; provided, however, that Canyon may reject any such limited designation if the limitations specified in the designation would result in an undue administrative burden.

(c) Canyon may rely on communications from Shipper's designated representative for all purposes except to the extent the designation is explicitly limited as specified in the preceding Section 9.9(b). Communications by Canyon to such designated representative shall be deemed notice to Shipper except to the extent the representative's authority is explicitly limited with respect to the receipt of notice under the procedure set out in said Section 9.9(b).

(d) Any third party may administer multiple Agreements as the designated representative for one or more Shippers and/or interconnecting entities. However, such representative shall separately administer and account for each such Agreement.

9.10 TRANSFER NOMINATIONS

Whenever gas is purchased at a Receipt Point on Canyon's System by an entity that is not going to nominate that gas for receipt by Canyon under a transportation Agreement, that entity must submit a transfer nomination to Canyon through its Interactive Website (or EDI) identifying the quantities (in Dth) and the entities from whom the gas is being bought and the entities to whom the gas is being sold.

**Third Revised Sheet No. 123D** Third Revised Sheet No. 123D : Effective  
Superseding: Second Revised Sheet No. 123D

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Such transfer nominations are needed in order to be able to confirm the nominated receipts at that point and thus such transfer nominations are due by the deadlines applicable to Shipper nominations, subject to Section 9.2. In addition to the transfer nomination, the purchasing entity should submit a predetermined allocation in accordance with Section 10 of these General Terms and Conditions if there is more than one buyer of the purchasing entity's gas.

(b) A third party may provide title tracking services on Canyon's system as follows:

(1) The entity seeking to provide such a service (Third Party Account Administrator) shall so notify Canyon in writing, in which event Canyon shall establish an identification number for nominations involving the Third Party Account Administrator.

(2) Transfer nominations consistent with this Section 9.10 must be made by the Shipper tendering gas for delivery to the Third Party Account Administrator, where subsequent title to such gas is to be tracked by the Third Party Account Administrator; and

(3) The Third Party Account Administrator shall maintain records of any title transfers after delivery of gas to it and shall submit a nomination consistent with this Section 9.10 for delivery of gas to the last party in the chain of title, which party shall also submit a nomination for receipt of the gas consistent with this Section 9.10.

9.11 NOMINATION PRIORITIES

As part of the nomination and transfer nomination process, if there is more than one supply source nominated to be delivered to a single Delivery Point or buyer, the nomination or transfer nomination should identify how and which supply sources should be cut in the event all nominated deliveries are not or cannot be made. Similarly, the nomination or transfer nomination should identify which delivery should be cut in the event gas is not or cannot be received as nominated (i.e., ranking). Ranking should be included in the list of data elements. Transportation service providers should use service requester provided rankings when making reductions during the scheduling process when this does not conflict with tariff-based rules. Consistent with Sections 10 and 11 hereof, Canyon shall follow the rankings provided by the Shipper and the pooler.

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**First Revised Sheet No. 123E** First Revised Sheet No. 123E : Effective  
Superseding: Original Sheet No. 123E

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9.12 OPERATIONAL BALANCING

Canyon agrees that, if requested by a Shipper, it will negotiate with an entity that operates the facilities interconnecting with Canyon at a Receipt Point (Balance Operator) in a good faith effort to reach an agreement to deal with imbalances at the Receipt Points specified (which would be a form of a Predetermined Allocation), subject to the following conditions:

(a) Such agreement must set out a mutually agreeable procedure for dealing, as between Canyon and Balance Operator, with any difference between confirmed nominations and actual physical gas flow caused by operational conditions, so that any such discrepancy does not affect any Shipper;

(b) The Balance Operator must meet the same creditworthiness standards as Shipper; and

(c) Canyon and Balance Operator must not have previously entered into such agreement which was terminated because of Balance Operator's failure to perform. Nothing herein is intended to restrict Canyon's rights to terminate in accordance with its terms any agreement entered into hereunder, including without limitation the right to terminate for Balance Operator's failure to perform consistent with its obligations under the agreement.

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FERC Docket: RP01-515-000

**Third Revised Sheet No. 124** Third Revised Sheet No. 124 : Effective  
Superseding: Second Revised Sheet No. 124

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10. DETERMINATION OF DAILY RECEIPTS

10.1 To the extent feasible, all volumes received by Canyon at a Receipt Point shall be allocated in accordance with the confirmed nominations for that point. In the event the actual volumes received by Canyon do not equal the confirmed nominations for that point, any underage or overage will be allocated as follows:

(a) First, in accordance with the effective predetermined allocations (PDAs) submitted by those entities (Allocators) owning or controlling the gas being delivered to Canyon. An operational balancing agreement (OBA) is one type of a PDA. Shipper agrees that such an allocation is binding on Shipper.

(b) Then, if there is no effective PDA, pro rata to the extent applicable based on confirmed nominations or transfer nominations, as applicable. Shipper agrees that such an allocation is binding on Shipper.

10.2 The upstream or downstream party providing the point confirmation should submit the PDA to the allocating party after or during confirmation and before the start of the gas Day, except that no other PDAs need be submitted if an OBA is in effect at a point. Unless otherwise agreed, all PDAs must be submitted to Canyon through its Interactive Website or through EDI before the start of the gas Day the PDA is to be effective. Such PDA shall specify how any underage or overage from the confirmed nominated volumes should be allocated among the entities listed on the PDA. Canyon shall acknowledge receipt and acceptance of the PDA via its Interactive Website if received through its Interactive Website or via EDI if received via EDI. Such notification of acknowledgment and acceptance will be within fifteen (15) minutes of receipt. Canyon's acceptance is contingent on Canyon being able to administer the allocation submitted by the Allocator. Allocation methodology types upon which two parties may agree are: ranked, pro rata, percentages, swing and operator provided value. Other examples of allocation methods which can be used are matching of supply sources with specified customers and combinations of methodology types. Different methods may be submitted for overages and underages. If the parties cannot agree, Section 10.1(b) shall apply.

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10.3 A PDA will be effective as of the date specified thereon (which may not be earlier than the date on which the PDA is submitted to Canyon unless otherwise agreed) and will continue in effect through the end of the calendar month unless the Allocator submits a new PDA that is accepted by Canyon. PDAs may be submitted to Canyon on any day or days during the month and should be submitted if necessary to reflect any changes in the Shippers at the point.

10.4 Allocators who should submit PDAs include the operator of the upstream facilities, the shippers or producers/owners of the gas being delivered by the upstream entity, buyers of the gas who are in turn selling the gas at that point, and Shippers who are using more than one transportation Agreement at that point.

10.5 After the end of each month, Canyon shall provide each Allocator who submits effective PDA(s) with a monthly allocation statement showing the volumes allocated in accordance with such PDA(s).

10.6 Canyon may rely conclusively on effective PDAs in allocating the gas received at a point. No retroactive changes to the PDA may be made unless Canyon and all affected parties agree.

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11. DETERMINATION OF DELIVERIES

11.1 PREDETERMINED ALLOCATIONS

In accounting for the volumes delivered by Canyon, in circumstances where multiple services are provided at any Delivery Point, the sequence of volumes delivered shall be determined by a predetermined allocation agreement between Canyon and the operator of the facilities immediately downstream of the point at which Canyon delivers gas. The upstream or downstream party providing the point confirmation should submit the PDA to the allocating party after or during confirmation and before the start of the gas Day. In the absence of such an agreement, Sections 11.2 and 11.3 shall control. Any new or proposed change to the methodology should be sent to Canyon before the start of the gas Day on which the methodology is to be effective. Canyon shall confirm receipt of the methodology within fifteen (15) minutes via its Interactive Website if received via its Interactive Website or via EDI if received via EDI. Canyon's acceptance is contingent on Canyon being able to administer the allocation submitted by the Allocator. Allocation methodology types upon which two parties may agree are: ranked, pro rata, percentages, swing and operator provided value. Other examples of allocation methods that can be used are combinations of methodology types. Different methods may be submitted for overages and underages.

11.2 DELIVERY SEQUENCE

Unless otherwise agreed, gas at any Delivery Point shall be deemed to have been delivered in the following sequence:

- (a) Volumes scheduled under firm transportation Agreements consistent with confirmed nominations and within MDQ;
- (b) Volumes scheduled under interruptible transportation Agreements consistent with confirmed nominations and within MDQ; and
- (c) Authorized Overrun Gas consistent with confirmed nominations.
- (d) Additional volumes shall be allocated pro rata based on confirmed nominations, but not to exceed the applicable MDQ, among ICS Agreements under which Shippers nominated that day; and
- (e) Any remaining volumes shall be allocated as Unauthorized Overrun Gas pro rata based on confirmed nominations among ICS Agreements under which Shippers nominated that day.

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**Original Sheet No. 126A** Original Sheet No. 126A : Effective

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11.3 DEFICIENT VOLUMES

Any deficiency in takes from nominated or scheduled volumes shall, unless otherwise agreed, be identified to services by allocating volumes delivered in the sequence set out in Section 11.2. Volumes shall be allocated among Agreements within each class based on confirmed nominations.

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Superseding: Third Revised Sheet No. 127

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12. IMBALANCES

12.1 RESPONSIBILITY FOR BALANCING

In addition to delivering and receiving volumes of gas in conformance with nominations, Shippers are responsible for conforming their takes at Delivery Points with their deliveries to Canyon at Receipt Points each day. Canyon has no obligation to deliver for the account of a Shipper more volumes of gas than Canyon has received for the account of the Shipper or to accept for the account of the Shipper more volumes of gas than are being delivered for the account of the Shipper on any day.

12.2 MONTHLY IMBALANCES, NETTING AND OFFSETTING

At the end of each calendar month, to the extent the net receipts (with the appropriate deductions for Fuel Gas and Unaccounted For Gas) do not equal the deliveries under an Agreement on a Dth basis, the following netting and offsetting procedures will apply:

(a) Imbalances under a Shipper's different Agreements will then be netted together to obtain the Shipper's Total Monthly Imbalance. The Total Monthly Imbalance will be shown with the monthly billings sent to Shippers.

(b) To assist Shippers in arranging offsets, Canyon will post on its Interactive Website the Total Monthly Imbalance of any Shipper which has notified Canyon that it has elected to have such information posted. Notification by the Shipper may be in writing or on Canyon's Interactive Website and shall be effective by 8:00 a.m. on the next Business Day (Central Clock Time) if the notification is received by 11:45 a.m. on a Business Day. Imbalance information authorized for posting through such notification shall be posted no later than the ninth Business Day of the month after the imbalance occurred. Shippers shall have the ability to post and trade imbalances, and imbalance information shall remain posted, until the seventeenth Business Day of the month after the imbalance occurred.

(c) Canyon shall enable the imbalance trading process by:

- (1) Receiving the Request for Imbalance Trade,
- (2) Receiving the Imbalance Trade Confirmation,

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**Original Sheet No. 127A** Original Sheet No. 127A : Effective

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(3) Sending the Imbalance Trade Notification, and

(4) Reflecting the trade prior to or on the next  
monthly Shipper Imbalance or cashout.

(d) Imbalance trades can only be withdrawn by the  
initiating trader and only prior to the confirming trader's  
confirmation of the trade. Imbalance trades are considered final  
when confirmed by the confirming trader and effectuated by Canyon.

(e) After receipt of an Imbalance Trade Confirmation,  
Canyon shall send the Imbalance Trade Notification to the  
initiating trader and the confirming trader no later than noon  
(Central Clock Time) the next Business Day.

(f) Shipper imbalances remaining after the imbalance  
netting and trading procedures set out in subsections (a)-(e) shall  
be cashed out as described in Section 12.3 of these General Terms  
and Conditions.

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 Superseding: Original Sheet No. 128

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12.3 CASHOUT PROCEDURES

Any imbalance remaining will be cashed out on a tiered basis pursuant to the following schedule:

IMBALANCE LEVEL -----	OVERAGE (Canyon pays Shipper) -----	UNDERAGE (Shipper pays Canyon) -----
0% to 5%	100% x AMIP	100% x AMIP
Greater than 5% to 10%	90% x AMIP	110% x AMIP
Greater than 10% to 15%	80% x AMIP	120% x AMIP
Greater than 15% to 20%	70% x AMIP	130% x AMIP
Greater than 20%	60% x AMIP	140% x AMIP

(a) Following any offsetting with other Shippers, a Shipper's remaining imbalance will be cashed out based on the percentage of that imbalance compared to the total receipts for that Shipper during the month. For example, if the total receipts were 1,000 Dth and the remaining underage imbalance after offsetting with other Shippers was 100 Dth, the total Imbalance Level would be 10%. The first 5% (50 Dth) would be cashed out at 100% of the AMIP and the remaining 50 Dth would be cashed out at 110% of the AMIP.

(b) The Average Monthly Index Price (AMIP) is the arithmetic average of Weekly Index Prices (WIPs). The WIP for any week is the following index price reported in 'Gas Price Report' contained in the publication, "Natural Gas Week":

Rocky Mountains, Spot Delivered to Pipeline.

In calculating the AMIP, the WIPs will be based on the prices reported in the issue of "Natural Gas Week" dated on or after Canyon's nomination deadline for first of the month service for that month, and the subsequent issues dated prior to Canyon's nomination deadline for the following month's first of the month service.

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(c) Following the ten (10) day period for offsetting imbalances, Shippers with remaining imbalances shall pay Canyon or will be credited with the appropriate cashout amounts.

(d) In the event "Natural Gas Week" ceases to publish entirely or fails to publish the index price listed in subsection (b) above, the following procedures shall apply in determining a month's AMIP:

(1) Should, in any given week, "Natural Gas Week" fail to publish the index price used in determining that week's WIP, there will be no WIP for that week used in determining the month's AMIP.

(2) Should, in a given month, there be less than two WIP's available for the AMIP calculation, the following alternate AMIP procedures will apply: The AMIP will be defined as the arithmetic average of:

(i) The closing price for the NYMEX natural gas futures contract applicable to the month in which the imbalance was created (i.e., the price at which that month's contract "went off the board"); and

(ii) The individual daily closing prices for the following month ("spot month" or "near month") NYMEX natural gas contract during the month in which the imbalance was created, up to and including the day the "spot month" contract "goes off the board."

12.4 CREDITING OF CASHOUT REVENUES IN EXCESS OF COSTS

(a) This Section of the General Terms and Conditions sets forth the procedures under which Canyon will credit or carry forward, for each annual billing period, any difference between the revenues received by Canyon and the costs incurred by Canyon under the cashout provisions of Canyon's firm and interruptible transportation Rate Schedules. For purposes of this Section 12, an annual billing period shall be the twelve (12) month period commencing each December 1 and ending the following November 30 with the first such annual billing period commencing December 1, 1993 and ending November 30, 1994.

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#### 12.4 OPERATIONAL DATA VS. ACTUALS

In determining the cashout tier applicable under Section 12.3 above, Canyon will utilize the operational data posted on its Interactive Website as of the end of the month or the actual flow volumes (or, if actual flow volumes are not available at the time of billing, the reasonable estimates), whichever results in a lower cashout tier.

#### 12.5 PRIOR PERIOD ADJUSTMENTS

Any imbalances for a month that are booked after the transportation for that month has been billed as a result of receiving actual or corrected flow information will be cashed out at 100% of the AMIP in effect during the month the imbalance occurred.

#### 12.6 PURCHASE AND SALE OF GAS

Canyon is not providing a supply service under any Rate Schedule of this Tariff. Without limitation of the foregoing, Canyon may buy and sell gas to the extent necessary to maintain System pressure, to implement the cashout procedures under this Section 12 and to perform other functions in connection with providing transportation service. The point of any such sale shall occur at Receipt Points on a Shipper Agreement. Such sales shall be authorized pursuant to Canyon's blanket sales certificate. Nothing herein shall impose on Canyon any obligation to provide a supply function to any of its Shippers.

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**Third Revised Sheet No. 131** Third Revised Sheet No. 131 : Effective  
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13. STATEMENTS, BILLING, PAYMENT AND DISCOUNTING POLICY

13.1 STATEMENT AND INVOICES

Canyon shall, on or before the ninth (9th) Business Day of each month, render to Shipper a bill or bills for service under each applicable Rate Schedule during the preceding month. As used in this Section 13, "render" is defined as postmarked, time-stamped and delivered to the designated site. Invoices will be based on actuals (if available) or best available data. Quantities at points where OBAs exist will be invoiced based on scheduled quantities.

13.2 SHIPPER INFORMATION

If information is required from Shipper, or its designee, to actualize volumes or allocations, Shipper shall furnish the required information, or cause it to be furnished, to Canyon, on or before the tenth (10th) day of each month.

13.3 IMBALANCE STATEMENT

Imbalance statements will be generated at the same time or prior to the generation of the invoice. Prior to or with the above-required invoice for billing, Canyon shall render the gas imbalance statement which details in Dth the gas received and delivered each month at the Receipt and Delivery Point(s) based on the best information available.

13.4 PAYMENT

Shipper shall pay to Canyon at the address indicated on the invoice or, if directed by Canyon, by wire transfer to a bank designated by Canyon, the amount due Canyon for services provided pursuant to an Agreement during the appropriate calendar month as reflected in the billing described above, within ten (10) calendar days after the date of receipt of such billing. For purposes of this Section, the bill is deemed to be received by Shipper on the date sent to Shipper's designated site if sent by EDI, or three (3) days after the postmark date if sent by mail. The invoice number should be identified on all payments and the Shipper should submit supporting documentation identifying what is being paid. Canyon shall apply payment per such supporting documentation. If payment

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differs from the invoiced amount, remittance detail should be provided with the payment except when payment is made by electronic funds transfer, in which case the remittance detail is due within two (2) Business Days of the payment due date. Should Shipper fail to pay any undisputed portion of any bill as here provided when such amount is due, interest on the unpaid portion of the bill shall accrue at the maximum allowable interest permitted under the Commission's Regulations. For any amount to be considered "disputed," Shipper must provide appropriate documentation supporting and identifying the basis for the dispute. If Shipper fails to make payment in accordance with this Section, Canyon may, in addition to any other remedy it may have under this Tariff or under commercial law: (a) suspend deliveries as provided in Section 5.8 of these General Terms and Conditions; and (b) offset such deficient payments against any payments, refunds or credits owed by Canyon to Shipper.

13.5 ADJUSTMENT OF ERRORS

(a) The time limitation for disputes of allocations should be six (6) months from the date of the initial month-end allocation with a three (3) month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

(b) Prior period adjustment time limits should be six (6) months from the date of the initial transportation invoice and seven (7) months from date of initial sales invoice with a three (3) month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

(c) In no event will any change be made after twelve (12) months from the date of statements, billings or payment, based on actualized volumes, unless the parties mutually agree.

(d) Any error discovered as a result of a timely claim shall be corrected within thirty (30) days of the determination thereof. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

Effective Date: 05/01/1997 Status: Effective  
FERC Docket: RP97- 66-005

**Original Sheet No. 132A** Original Sheet No. 132A : Effective

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13.6 DISCOUNTING POLICY FOR RATES AND CHARGES

Canyon reserves the right to provide, by contract with any Shipper, for adjustment at any time of the rates for service to a level below the maximum rates applicable to such service, as stated in this Tariff, but no less than the minimum rates as applicable to such service, as stated in this Tariff. To the extent Canyon agrees to a discount of any reservation rates and reservation transition-cost surcharges for firm transportation and compression service, the discount will be apportioned first to the base reservation rate, and second, if the discount is greater than such base reservation rate, to any applicable reservation transition-cost surcharge. To the extent Canyon agrees to discount any commodity rates and commodity transition-cost surcharges for firm transportation and compression service, the discount will be apportioned first to the base commodity rate, and second, if the discount is greater than such base commodity rate, to the commodity transition-cost surcharge. To the extent Canyon agrees to a discount of any commodity rates and commodity transition-cost surcharges for interruptible transportation and compression service, the discount will be apportioned first to the base commodity rate, and second, if the discount is greater than such base commodity rate, to any applicable commodity transition-cost surcharge. Nothing herein will require Canyon to agree to any discount.

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14. EVALUATION OF CREDIT

In evaluating requests for service and for certain other purposes under this Tariff, Canyon will perform a credit appraisal of Shipper.

(a) Such a credit appraisal shall be performed in accordance with the following criteria:

(1) Canyon may require Shipper to provide current financial statements, annual reports, 10-K or other reports to regulatory agencies, a list of corporate affiliates, parents or subsidiaries, or any reports from credit reporting agencies which are available. Canyon shall apply consistent evaluation practices to determine the acceptability of the Shipper's overall financial condition, working capital, and profitability trends.

(2) A bank reference and two trade references must be provided by Shipper. The results of reference checks must show that Shipper's obligations are being paid on a reasonably prompt basis.

(3) Shipper must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors, or any informal creditors' committee agreement. An exception can be made for a Shipper who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act but only with adequate assurances that billing hereunder will be paid promptly as a cost of administration under the federal court's jurisdiction.

(4) Shipper must not be subject to the uncertainty of pending litigation which could cause a substantial deterioration in its financial condition, which could cause a condition of insolvency, or which could jeopardize the ability of the Shipper to exist as an ongoing business entity.

(5) If Shipper has an ongoing business relationship with Canyon or any of its affiliates, no delinquent balances may be consistently outstanding for natural gas sales, storage or transportation services rendered previously to Shipper and Shipper must have paid its account during the past according to the established terms and not made deductions or withheld payment for claims unless authorized by contract.

Effective Date: 09/01/2005 Status: Effective  
FERC Docket: RP05-419-000

**First Revised Sheet No. 134** First Revised Sheet No. 134 : Effective  
Superseding: Original Sheet No. 134

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(6) No significant collection lawsuits or judgments are outstanding which would seriously reflect upon the business entity's ability to remain solvent.

(b) If a Shipper fails to satisfy the credit criteria, such Shipper may still obtain service hereunder if it elects one of the following options:

(1) Payment in advance for three (3) months' service;

(2) A standby irrevocable letter of credit drawn upon a bank acceptable to Canyon;

(3) Security interest in collateral provided by the Shipper found to be satisfactory to Canyon; or

(4) Guarantee by a person or another entity which does satisfy the credit appraisal.

(c) Canyon's credit appraisal procedures involve the establishment of dollar credit limits on a standardized, nondiscriminatory basis. To the extent that a Shipper's accounts with Canyon do not exceed such limit, and Shipper has met all creditworthiness requirements as determined in periodic credit reviews by Canyon, which reviews may be conducted on at least an annual basis, no new credit appraisals shall be required when an existing Agreement is amended or a request for a new Agreement is made, provided that Shipper's payment history has been satisfactory and there is no bona fide basis for questioning Shipper's creditworthiness.

(d) Canyon shall comply with the creditworthiness standards incorporated by reference in Section 34 of these General Terms and Conditions pursuant to Section 284.12 of the Commission's Regulations (18 C.F.R. Section 284.12) (Version 1.7, as amended by 2004 Annual Plan Item 2 (Order No. 2004 Standards); and 2005 Annual Plan Item 8 (May 3, 2005) (Affiliate Order Standards).

Effective Date: 09/01/2005 Status: Effective  
FERC Docket: RP05-419-000

**Fourth Revised Sheet No. 135** Fourth Revised Sheet No. 135 : Effective  
Superseding: Third Revised Sheet No. 135

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15. INTERACTIVE WEBSITE

15.1 WEBSITE DESCRIPTION

(a) Canyon maintains the Interactive Website, a FERC compliant interactive internet web site which is available for use by Shippers and other interested parties. The web site has both secure and non-secure regions. Information of a general nature is included in the non-secure region while confidential Shipper specific data is accessible only through the secure region, which requires a logon and password. Daily back-up records of information displayed or entered through this web site are archived, and non-secure information is accessible to customers on a non-discriminatory basis. The data is kept for a three (3) year period, inclusive of both current and archived data.

Canyon posts the following gas quality information:

(1) Canyon provides on the Informational Postings portion of its Interactive Website a link to the natural gas quality provisions of this Tariff.

(2) Canyon provides on the Informational Postings portion of its Interactive Website daily average gas quality information for prior gas day(s), to the extent available, for location(s) that are representative of mainline gas flow. The information available for the identified location(s) is provided in a downloadable format. Information is reported in units as specified in this Tariff. In any event, compliance with gas quality requirements is in accordance with Canyon's Tariff, including these General Terms and Conditions. The following are examples of gas quality attributes that could be included in the posting for the applicable Gas Day(s) and location(s):

Heating Value  
Hydrocarbon Components, % of C1 - Cnn, as used in  
determining Heating Value  
Specific Gravity  
Water  
Nitrogen  
Carbon Dioxide  
Oxygen  
Hydrogen  
Helium  
Total Sulfur  
Hydrogen Sulfide

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**First Revised Sheet No. 135A** First Revised Sheet No. 135A : Effective  
Superseding: Original Sheet No. 135A

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Carbonyl Sulfide  
Mercaptans  
Mercury and/or any other contaminants being measured  
Other pertinent gas quality information that is specific in  
Canyon's Tariff, including these General Terms and  
Conditions.

(3) Data posted pursuant to the prior paragraph, Section 15.1(a)(2), are made available on Canyon's Interactive Website for the most recent three-month period. Beyond the initial three-month period, the historical data is made available offline in accordance with regulatory requirements. Such posted data are provided in a tabular downloadable file described by Canyon in the posting. The first row of the file contains the column headers. For any location(s), Canyon may, at its discretion, elect to provide gas quality information in addition to that specified in the prior paragraph. Canyon may choose how to provide the information.

(b) The non-secure information is primarily comprised of FERC mandated informational postings. Canyon, at its sole option, may add informational sections to this web site in order to facilitate timely and complete communications with customers. The secure region provides access to Nominations, Flowing Gas/Volume Inquiry data, Invoicing, Contracting and Capacity Release Processing. Logons and passwords required to enter the secure region of the web site may be obtained per the procedures outlined in Section 15.2.

(1) INFORMATIONAL POSTINGS

The types of information available through the Informational Postings selection of this web site include: (i) all affiliated marketer information, including organizational charts and names and addresses for affiliated marketing companies; (ii) reports on operationally available capacity, design capacity, unsubscribed capacity and released capacity at Receipt/Delivery Points; (iii) critical notices concerning capacity related issues and non-critical notices, providing relevant contracts and customer information; (iv) the FERC Index of Customers and the FERC Contract Transactional Postings, (v) the tariff, with search, download and print capabilities; (vi) imbalance volumes available for trading among Shippers prior to cashout as provided in Section 12 hereof and (vii) point catalog.

Effective Date: 09/01/2005 Status: Effective

FERC Docket: RP05-419-000

**Original Sheet No. 135B** Original Sheet No. 135B : Effective

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(2) NOMINATIONS

This feature allows for submittal of all transportation nominations, transfer nominations, predetermined allocations and nomination priorities as required in Section 9. Operators can confirm volumes online. Shippers and point operators can review, print or download scheduled quantity reports.

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FERC Docket: RP01-515-000

**Third Revised Sheet No. 136** Third Revised Sheet No. 136 : Effective  
Superseding: Second Revised Sheet No. 136

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(3) FLOWING GAS/VOLUME INQUIRY

This feature provides volumetric information on total gas flows and allocated flows, at a point and contract level and provides contract level imbalance information. The timing for reporting daily operational allocations after the gas has flowed is within one (1) Business Day after the end of the gas Day. If the best available data for reporting daily operational allocations is the scheduled quantity, that quantity should be used for the daily operational allocation. Each Shipper and each other entity involved in a transaction at a point will be able to see the total flows at the point and the volumes allocated to or by such Shipper or other entity.

(4) INVOICING

This system component allows Shippers to view and download invoices and a statement of account. Additionally, using this component, Shippers can create and submit a Payment Remittance.

(5) SERVICE REQUEST PROCESSING

Using this feature, Shippers can review their existing Agreement information, submit new requests for Agreements and submit requests to amend Agreements and execute Service Agreements online.

(6) CAPACITY RELEASE REQUEST AND BID PROCESSING

This interactive feature allows Shippers to submit Capacity Release Requests and Bids, which, in turn, are automatically posted to this web site as provided in Section 16. Additionally, Shipper with recall provisions in a release of capacity can initiate the recall process using this feature.

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FERC Docket: RP00-277-000

**Original Sheet No. 136A** Original Sheet No. 136A : Effective

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(8) REGULATORY REPORTING

This system component contains the information required in FERC Form No. 592 for all requests for service made by affiliated marketers or in which an affiliated marketer is involved for transportation or storage, that would be conducted pursuant to Subparts B or G of Part 284 of the Commission's Regulations. The Regulatory Reporting System also contains any other related information required under the Commission's Regulations relative to required informational postings.

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FERC Docket: RP01-515-000

**Fourth Revised Sheet No. 137** Fourth Revised Sheet No. 137 : Effective  
Superseding: Third Revised Sheet No. 137

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15.2 ACCESS TO WEB SITE

Shippers and other interested parties may obtain access to the interactive transactional web pages by contacting a representative of Canyon's Electronic Customer Services Department in Houston. Logons, passwords and access instructions will be supplied upon request under the following terms and conditions set forth in Sections 15.3 through 15.13. The internet address for this web site is <http://pipeline.kindermorgan.com>. This web site replaces DART and subscribers to DART can continue to use their DART logon and password to access these web pages. By continuing to use such DART logons, subscribers agree to the terms and conditions set forth in Sections 15.3 through 15.13.

15.3 AUTHORITY OF EMPLOYEE

Users of this web site shall be deemed to have agreed and admitted that any employee permitted by Subscriber to access this web site shall have the legal authority to act on behalf of Subscriber in performing any functions, including those functions which are available presently and those functions which become available at a later date.

15.4 INSTALLATION OF SOFTWARE

Each Subscriber shall purchase and ensure that lawful installation of Internet browser software occurs for each personal computer (PC) from which this web site is accessed.

15.5 CONFIDENTIALITY

Certain information contained in this web site is proprietary and confidential. A Subscriber shall not reproduce, disclose or otherwise make available confidential information contained therein to any other company, corporation, individual, or partnership.

15.6 RELIANCE BY CANYON

Canyon may act, and shall be fully protected by a Subscriber in acting, in reliance upon any acts or things done or performed by Subscriber's employees or designated agents on behalf of Subscriber and in respect to all matters conducted through this web site. Canyon may correct errors in information entered into this web site by a Subscriber promptly after receiving notice of the corrections or may require Subscribers to enter the corrections directly into this web site.

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FERC Docket: RP01-515-000

**First Revised Sheet No. 137A** First Revised Sheet No. 137A : Effective  
Superseding: Original Sheet No. 137A

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15.7 ACCESS TO CONFIDENTIAL INFORMATION

Should a Subscriber require access to confidential information (such as Agreement, points, nomination, volume, or other customer-specific information deemed to be of a confidential nature requiring controlled access), Canyon will require the Subscriber to provide a written request and officer level approval for issuance of a company-level computer access (logon) identification code and password. Upon receipt of such request, Canyon will ensure return of a confidential logon code and password within one (1) business day.

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FERC Docket: RP01-515-000

**First Revised Sheet No. 138** First Revised Sheet No. 138 : Effective  
Superseding: Original Sheet No. 138

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15.8 LOGON

A Subscriber's logon and password are confidential and are used to identify that Subscriber. A Subscriber shall keep its logon(s) and password(s) confidential. A Subscriber will ensure that only authorized employees and agents of Subscriber will be given Subscriber's logon(s) and password(s) and only these authorized persons will be permitted to access this web site on Subscriber's behalf. A Subscriber and its employees and agents will not disclose the Subscriber's logon(s) and password(s) to anyone without authority to access this web site on behalf of the Subscriber. To ensure such confidentiality is not breached, requests from Subscriber employees or agents for information regarding Subscriber logon(s) and password(s) made subsequent to issuance of the original logon(s) and password(s) may not be honored without receipt by Canyon of additional authorization from Subscriber. Subscriber shall be responsible for and accepts liability for any security breach that is traced to Subscriber's logon(s) and password(s).

15.9 BREACH OF SECURITY

A Subscriber shall promptly notify Canyon if there is any indication that a security breach has occurred with regard to Subscriber's logon(s) and password(s). This includes, but is not limited to: (a) loss of confidentiality of logon(s) and password(s); (b) termination of employment of any authorized employee; or (c) loss of authority to access this web site by any authorized employee. Such notification shall be made to Canyon's Electronic Customer Services Department.

15.10 LIMITATION TO ACCESS

A Subscriber may attempt to access only that data for which Subscriber has authorization. A Subscriber shall provide supporting legal documentation prior to being given access to data of other subsidiaries, affiliates, or companies for whom it has an agency relationship. See Section 9 of these General Terms and Conditions for information on delegation.

15.11 INDEMNITY

Each Subscriber shall indemnify Canyon and hold Canyon harmless for all damages, losses, and liabilities arising out of:

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FERC Docket: RP01-515-000

**Second Revised Sheet No. 139** Second Revised Sheet No. 139 : Effective  
Superseding: First Revised Sheet No. 139

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(a) Subscriber's or its employees' or agents' breach of any of Subscriber's obligations under this Section 15, including any breach of confidentiality with respect to the assignment of logon(s) and password(s) to Subscriber's authorized employees and agents and any unauthorized use by a formerly authorized person or by any unauthorized person who gained knowledge of Subscriber's logon(s) and password(s) through no fault of Canyon;

(b) Any omission or failure by Subscriber's employees or agents to act or perform any duty required by a web site function; and

(c) Any action taken by Subscriber, its employees or agents, its former authorized employees and agents or unauthorized persons who gained knowledge of Subscriber's logon(s) and password(s) through no fault of Canyon, which interferes with the proper operation of this web site.

Notwithstanding the foregoing, neither Canyon nor Subscriber shall be liable to the other if an unauthorized user gains access to this web site through no fault of either Canyon or Subscriber.

15.12 LIMITS OF RESPONSIBILITY

Canyon shall not be responsible for an omission or failure by Canyon to act or perform any duty requested by a function accessed via this web site if such omission or failure to act is caused by or related to data lost in the transmission of such data from Subscriber's to Canyon's computer system, power failures, failure of backup systems, or any other event beyond the reasonable control of Canyon.

15.13 RESERVATION

Canyon reserves the right to add, modify or terminate web site functions at any time subject to compliance with Commission Regulations.

15.14 AGREEMENT

Any Subscriber who is not a Shipper will be required to sign an agreement with Canyon pursuant to which the Subscriber agrees to be bound by the provisions of this Section.

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FERC Docket: RP02-418-000

**Third Revised Sheet No. 140** Third Revised Sheet No. 140 : Effective  
Superseding: Second Revised Sheet No. 140

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16. CAPACITY RELEASE BY FIRM SHIPPERS

16.1 GENERAL

(a) Subject to the terms, conditions and limitations set forth in this Section 16, a Shipper holding capacity rights under an Eligible Firm Compression Agreement shall have the right to release all or a portion of such capacity rights and, if a capacity release is effectuated under this Section 16, to receive a credit for reservation charge revenues received by Canyon from that other Shipper for such released capacity.

(b) The deadlines set forth in this Section 16 are applicable to all parties involved in the capacity release process; however, they are only applicable if all information provided by the parties to the transaction is valid and the Replacement Shipper (or Subreplacement Shipper, if applicable) has been determined to be creditworthy before the Qualified Bid is tendered, and there are no special terms or conditions of the release.

(c) Following is a summary of the capacity release process and deadlines set forth in greater detail in the remainder of this Section 16:

(1) For short-term biddable releases (less than one (1) year):

(i) The Capacity Release Request should be tendered by no later than 12:00 p.m. Central Clock Time on a Business Day;

(ii) The open season ends no earlier than 1:00 p.m. Central Clock Time on a Business Day (evaluation period begins at 1:00 p.m. Central Clock Time during which contingency is eliminated, determination of winning Qualified Bid(s) is made, and ties are broken);

(iii) Evaluation period ends at 2:00 p.m. Central Clock Time;

(iv) Match or award is communicated by 2:00 p.m. Central Clock Time;

(v) Match response by 2:30 p.m. Central Clock Time;

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**Substitute Second Revised Sheet No. 140A** Substitute Second Revised Sheet No. 140A : Effective  
Superseding: First Revised Sheet No. 140A

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(vi) Award posting where match required by  
3:00 p.m. Central Clock Time;

(vii) Contract issued within one (1) hour  
of award posting, nomination possible for the next nomination cycle  
after the capacity award which is consistent with Section 16.9(d)  
hereof (nomination is not contingent on a contract being issued or  
executed so long as the Replacement Shipper has preapproved  
credit).

(2) For longer term biddable releases (one (1) year  
or more):

(i) The Capacity Release Request should be  
tendered by no later than 12:00 p.m. Central Clock Time four (4)  
Business Days before the award for long-term releases;

(ii) The open season ends no earlier than  
1:00 p.m. Central Clock Time three (3) Business Days later (open  
season is three (3) Business Days);

(iii) Evaluation period begins at 1:00 p.m.  
Central Clock Time during which contingency is eliminated,  
determination of best bid is made, and ties are broken;

(iv) Evaluation period ends at 2:00 p.m.  
Central Clock Time;

(v) Match or award is communicated by  
2:00 p.m. Central Clock Time;

(vi) Match response by 2:30 p.m. Central  
Clock Time;

(vii) Award posting where match required by  
3:00 p.m. Central Clock Time;

(viii) Contract issued within one (1) hour  
of award posting, nomination possible for the next nomination cycle  
which is consistent with Section 16.9(d) hereof (nomination is not  
contingent on a contract being issued or executed so long as the  
Replacement Shipper has preapproved credit).

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FERC Docket: RP05-419-000

**Second Revised Sheet No. 140B** Second Revised Sheet No. 140B : Effective  
Superseding: First Revised Sheet No. 140B

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(3) For prearranged releases not requiring bidding under this Section 16.

(i) Posting of prearranged deals not subject to bid by one (1) hour prior to a nomination cycle deadline on any Day; and

(ii) Releasing Firm Transportation Agreement tendered with contract number one (1) hour after release notification, nomination possible for the next nomination cycle which is consistent with Section 16.9(d) hereof (nomination is not contingent on a contract being issued or executed so long as the Replacement Shipper has preapproved credit).

(d) (1) Canyon will not award capacity release offers to a Shipper until and unless the Shipper meets Canyon's creditworthiness requirements applicable to all services that it receives from Canyon, including the service represented by the capacity release.

(2) Canyon shall provide the original Releasing Shipper with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by Canyon to the Releasing Shipper's Replacement Shipper(s), of the following:

(i) Notice to the Replacement Shipper regarding the Replacement Shipper's past due, deficiency, or default status pursuant to Canyon's tariff;

(ii) Notice to the Replacement Shipper regarding the Replacement Shipper's suspension of service notice;

(iii) Notice to the Replacement Shipper regarding the Replacement Shipper's contract termination notice due to default or credit-related issues; and

(iv) Notice to the Replacement Shipper that the Replacement Shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to Canyon's tariff.

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16.2 DEFINITIONS

(a) BID VALUE

The value assigned to a Qualified Bid or a Prearranged Release according to the bid evaluation procedures set forth in Section 16.10 or, if applicable, the bid evaluation procedures set forth in the Capacity Release Request.

(b) CAPACITY RELEASE REQUEST

The request that a Releasing Shipper submits to initiate the capacity release procedure under this Section 16.

(c) ELIGIBLE FIRM COMPRESSION AGREEMENT

A compression agreement under Rate Schedule FCS.

(d) MAXIMUM BID VOLUME

The maximum amount of capacity the Qualified Bidder agreed to accept in its Qualified Bid.

(e) MINIMUM BID VOLUME

The minimum amount of capacity the Qualified Bidder agreed to accept in its Qualified Bid.

(f) ORIGINAL SHIPPER

The entity who is the Shipper under an Eligible Firm Compression Agreement (other than through a capacity release).

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(g) PREARRANGED RELEASE

The binding written release agreement between a Releasing Shipper and a Prearranged Shipper covering Eligible Firm Compression Agreement capacity rights, the effectiveness of which is subject only to: (1) the prequalification of the Prearranged Shipper under Section 16.15; and (2) the release of such capacity rights to the Prearranged Shipper as provided by this Section 16.

(h) PREARRANGED SHIPPER

A person or entity prequalified under Section 16.15 who has entered into a Prearranged Release with a Releasing Shipper for Eligible Firm Compression Agreement capacity rights.

(i) QUALIFIED BID

A binding bid prequalified under Section 16.15 by a Qualified Bidder for capacity rights subject to a Capacity Release Request under this Section 16.

(j) QUALIFIED BIDDER

Any person or entity prequalified under Section 16.15 who bids for capacity rights being released under this Section 16.

(k) RELEASED FIRM COMPRESSION AGREEMENT

The agreement between Canyon and a Replacement Shipper or a Subreplacement Shipper by which the Replacement Shipper or Subreplacement Shipper confirms the receipt of capacity rights under an Eligible Firm Compression Agreement released by a Releasing Shipper under this Section 16.

(l) RELEASING SHIPPER

Any Shipper holding capacity rights under an Eligible Firm Compression Agreement or Released Firm Compression Agreement who has released or seeks to release such capacity rights pursuant to this Section 16.

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FERC Docket: RP01-515-000

**Sixth Revised Sheet No. 142** Sixth Revised Sheet No. 142 : Effective  
Superseding: Fifth Revised Sheet No. 142

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(m) REPLACEMENT SHIPPER

A Shipper receiving capacity rights under an Eligible Firm Compression Agreement pursuant to a direct release from an Original Shipper under this Section 16.

(n) SHORT-TERM PREARRANGED RELEASE

A Prearranged Release with a term of thirty-one (31) days or less that is not for the maximum reservation charge.

(o) SUBREPLACEMENT SHIPPER

A Shipper receiving capacity rights released from an Eligible Firm Compression Agreement by a Replacement Shipper or a Subreplacement Shipper under this Section 16.

(p) UNIT BID VALUE

The unit value per Dth assigned to a Qualified Bid or a Prearranged Release according to the bid evaluation procedures set forth in Section 16.10.

(q) WINNING BID VALUE

The highest possible total Bid Value achievable under Section 16.10 for the Capacity Release Request from the Qualified Bids consistent with the Capacity Release Request and this Section 16.

16.3 RELEASE WITHOUT A PREARRANGED SHIPPER

A Shipper seeking to release its Eligible Firm Compression Agreement capacity rights without a Prearranged Shipper shall deliver a Capacity Release Request to Canyon's Interactive Website (or in writing for posting on Canyon's Interactive Website if Canyon's Interactive Website is unavailable for receiving Capacity Release Requests) which sets forth:

(a) The Releasing Shipper's legal name, address and phone number, the Eligible Firm Compression Agreement number, the date of the Eligible Firm Compression Agreement and the name and title of the individual responsible for authorizing the capacity release;

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FERC Docket: RP00-348-000

**Third Revised Sheet No. 143** Third Revised Sheet No. 143 : Effective  
Superseding: Second Revised Sheet No. 143

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(b) The quantity of the capacity (in Dth per day) and the transportation path(s) being released, including identification by Canyon's PIN Number of the associated primary Receipt Points, primary Delivery Points, and the firm capacity to be released at each such point;

(c) Whether the capacity being released is subject to recall and/or later reput and if so, the exact conditions for such recall and/or reput (which conditions must conform to Section 16.5);

(d) The proposed effective date and proposed term of the release;

(e) Whether the Releasing Shipper wants Canyon to actively market the Releasing Shipper's capacity rights pursuant to Section 17 of these General Terms and Conditions;

(f) Whether the Releasing Shipper will accept Qualified Bids which are contingent on subsequent events (such as the subsequent purchase of upstream or downstream capacity), and if so, what events and the last date by which such contingency must be fulfilled;

(g) The starting date for the open season and the length of time for the open season (which must conform to Section 16.7);

(h) Whether the Releasing Shipper will accept Qualified Bids whose revenues will vary by the volume transported, and if so, any minimum amount to be billed as a reservation charge even if there is no flow (or insufficient flow);

(i) Which of the bid evaluation procedures set forth in Section 16.10 the Shipper wishes to use, if any;

(j) Whether the Qualified Bids are to specify dollars and cents and/or percents of any applicable maximum tariff rate (to the extent the rate ceilings on such releases have been waived pursuant to 18 C.F.R. Section 284.8(i), such percents may exceed 100%); and

(k) Any other applicable conditions (which must conform to Section 16.5), including any minimum price condition and whether the Releasing Shipper wishes to apply a bid evaluation procedure different than the bid evaluation procedure set forth in Section 16.10 for evaluating Qualified Bids for its capacity rights, and if so, all the factors to be used in evaluating Qualified Bids, including how its capacity rights are to be awarded in the event of a tie for the highest valued Qualified Bid and whether the Releasing Shipper has presubmitted a computer diskette for such bid evaluation procedure pursuant to Section 16.5(a).

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**Third Revised Sheet No. 144** Third Revised Sheet No. 144 : Effective  
Superseding: Second Revised Sheet No. 144

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16.4 PREARRANGED RELEASE

Subject to Section 16.6, a Shipper seeking to release its Eligible Firm Compression Agreement capacity rights to a Prearranged Shipper shall deliver a Capacity Release Request to Canyon's Interactive Website or via EDI at Canyon's designated site for an open season. The Capacity Release Request shall set forth:

(a) The Releasing Shipper's legal name, address and phone number, the Prearranged Shipper's legal name, address, phone number, and telefax number, the Eligible Firm Compression Agreement number, the date of the Eligible Firm Compression Agreement and the name and title of the individuals at the Releasing Shipper and the Prearranged Shipper responsible for authorizing the capacity release;

(b) A statement that the Prearranged Shipper has agreed to be bound by a capacity award to the Prearranged Shipper under this Section 16 by Canyon and to execute a Released Firm Compression Agreement, which consists of Canyon's standard form of FCS Agreement and the terms and conditions of the Prearranged Release, in accordance with Canyon's Tariff. Such statement shall also set forth:

(1) The quantity of the capacity (in Dth per day) and the transportation path(s) being released, including identification by Canyon's PIN Number (or Common Code) of the primary Receipt Points, primary Delivery Points, and the firm capacity to be released at each such point;

(2) The fixed reservation charge and/or volumetric charge the Prearranged Shipper has agreed to pay for the released capacity;

(3) Whether the capacity being released is subject to recall and/or future reput in the Prearranged Release and, if so, the exact conditions of such recall and/or reput (which conditions must conform with Sections 16.5 and 16.14); and

(4) The proposed effective date of the Prearranged Release and the proposed term of the Prearranged Release.

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**Second Revised Sheet No. 145** Second Revised Sheet No. 145 : Effective  
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(c) Whether the Releasing Shipper will accept Qualified Bids which are contingent on the subsequent events (such as the purchase of upstream or downstream capacity), and if so, what events and the last date by which such contingency must be fulfilled;

(d) Whether the Releasing Shipper will accept Qualified Bids with longer terms or larger volumes, and if so, what is the maximum volume and the longest term the Releasing Shipper will accept;

(e) Whether the Releasing Shipper wants Canyon to actively market its capacity rights subject to the Prearranged Release pursuant to Section 17 of these General Terms and Conditions;

(f) The starting date for and the length of time for the open season (which must conform to Section 16.7); and the length of time (consistent with Section 16.9(b)) for the Prearranged Shipper to be able to match a winning Qualified Bid;

(g) Whether the Releasing Shipper reserves the right to withdraw the Capacity Release Request during the open season and/or reject a winning Qualified Bid (and, if so, the deadline for such rejection);

(h) Whether the Releasing Shipper will accept Qualified Bids whose revenues will vary by the volume transported, and if so, any minimum amount to be billed as a reservation charge even if there is no flow (or insufficient flow);

(i) Which of the bid evaluation procedures set forth in Section 16.10 the Shipper wishes to use, if any;

(j) Whether the Qualified Bids are to specify dollars and cents and/or percents of any applicable maximum tariff rate (to the extent the rate ceilings on such releases have been waived pursuant to 18 C.F.R. Section 284.8(i), such percents may exceed 100%); and

(k) Any other applicable conditions (which must conform with Section 16.5), including any minimum price and condition and whether the Releasing Shipper wishes to apply a bid evaluation procedure different than the bid evaluation procedure set forth in Section 16.10 for evaluating Qualified Bids for its capacity rights, and if so, all the factors to be used in evaluating Qualified Bids, including how its capacity rights are to be awarded in the event of a tie for the highest valued Qualified Bid and whether the Releasing Shipper has presubmitted a computer diskette for such bid evaluation procedure pursuant to Section 16.5(a).

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Superseding: First Revised Sheet No. 146

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16.5 CAPACITY RELEASE REQUIREMENTS

(a) All terms and conditions relating to a release which is the subject of a Capacity Release Request: (1) must be nondiscriminatory and applicable to all potential bidders; (2) must be made available to Canyon for posting; (3) must relate solely to the details of acquiring or maintaining the transportation capacity rights on Canyon, which are the subject of the release; and (4) must not place any obligations or burdens on Canyon in addition to the terms and conditions applicable to a capacity release under this Section 16 which are specified in Canyon's Tariff. Any bid evaluation procedure elected by a Releasing Shipper different from Canyon's bid evaluation procedure set forth in Sections 16.10(b) through 16.10(d) must be objective, nondiscriminatory in all circumstances and contain a complete description of the bid evaluation procedure for posting on the Informational Postings portion of Canyon's Interactive Website. Canyon may require the Releasing Shipper to submit a working computer program to Canyon in diskette form which is compatible with Canyon's Interactive Website system computer which will enable Canyon to make such alternative bid evaluation entirely through Canyon's Interactive Website, prior to the time any alternative bid evaluation procedure is requested, if such bid evaluation procedure is not based on (1) highest rate; (2) net revenue; or (3) present value as determined in Sections 16.10(b)(1) through 16.10(b)(4) (collectively referred to as "Acceptable Alternative Bid Evaluation Procedure") and the remaining procedures set forth in Sections 16.10(c) and 16.10(d). If the Releasing Shipper elects a bid evaluation procedure that differs from Canyon's bid evaluation procedure or the Acceptable Alternative Bid Evaluation Procedure and the remaining procedures set forth in Sections 16.10(c) and 16.10(d), Canyon shall not be held to the subsequent deadlines set forth in this Section 16, but Canyon shall make a reasonable attempt to adhere to such deadlines. Canyon shall publish standards relating to such computer diskettes, but it is the responsibility of the Releasing Shipper to develop and provide the working computer diskette. The Releasing Shipper shall warrant that the computer diskette conforms to the bid evaluation procedure in the Capacity Release Request.

(b) The term of any release of capacity sought under this Section 16 shall be at least one full day and shall not exceed the remaining term of the Eligible Firm Compression Agreement.

(c) The quantity sought to be released under a Capacity Release Request shall not be less than the minimum quantity required for the Eligible Firm Compression Agreement under Canyon's Tariff.

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(d) A Capacity Release Request shall release the capacity of the path(s) between primary Receipt and Delivery Points. No Replacement Shipper or Subreplacement Shipper shall have the right to change the primary Receipt or Delivery Points listed in the Eligible Firm Compression Agreement, unless the Original Shipper and Canyon agree to amend the Eligible Firm Compression Agreement to accordingly change the primary Receipt and Delivery Points.

(e) A Capacity Release Request may include the right by a Releasing Shipper to recall all or part of the capacity, and/or to repute all or part of the recalled capacity, at any time and from time to time. All recalls or reputs must be made in accordance with the other provisions of Canyon's Tariff, including Section 16.14 of these General Terms and Conditions.

(f) (1) The Releasing Shipper may withdraw its posted Capacity Release Request during an open season under this Section 16 where unanticipated circumstances justify and no minimum bid has been received; following the close of the open season, a Releasing Shipper may not reject a winning Qualified Bid.

(2) Offers should be binding until written or electronic notice of withdrawal is received by Canyon.

(3) Notice of a withdrawal of a Capacity Release Request must be delivered via EDI to Canyon's Interactive Website (or in writing for posting on Canyon's Interactive Website if Canyon's system is unavailable for receiving Capacity Release Requests) no later than the end of the open season for the Capacity Release Request.

(g) A Replacement Shipper or Subreplacement Shipper may release the capacity under the provisions of this Section 16 (except as prohibited by the Federal Energy Regulatory Commission Regulations).

(h) Any Capacity Release Request not in compliance with this Section 16.5 and the other provisions of Canyon's Tariff shall be null and void and, even if posted, may be removed from Canyon's Interactive Website by Canyon at any time.

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**Fifth Revised Sheet No. 148** Fifth Revised Sheet No. 148 : Effective  
Superseding: Fourth Revised Sheet No. 148

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16.6 OPEN SEASON EXCEPTIONS

An open season is not required for: (a) a Prearranged Release for one (1) year or more at the maximum reservation charge applicable to the capacity being released; or (b) a Short-term Prearranged Release. A Capacity Release Request which is not subject to an open season need only contain the information required in Sections 16.4(a) and (b). Such Capacity Release Request must be delivered via Canyon's Interactive Website (or in writing for posting on Canyon's Interactive Website if Canyon's Interactive Website is unavailable for receiving Capacity Release Requests) sufficiently in advance so that the release may become effective under Section 16.9 before the release transaction is to commence. A Releasing Shipper may not rollover, extend or in any way continue a Short-term Prearranged Release with the same Replacement or Subreplacement Shipper until twenty-eight (28) days after the Short-term Prearranged Release has ended unless the Releasing Shipper complies with the Capacity Release Request provisions in Sections 16.3 and 16.4.

16.7 POSTINGS; OPEN SEASON

(a) A Capacity Release Request received by Canyon via EDI (which is applicable only for Prearranged Capacity Release Request) or through Canyon's Interactive Website prior to the starting time of the open season requested by the Releasing Shipper in its Capacity Release Request in conformance with this Section 16 shall be posted on the Informational Postings portion of Canyon's Interactive Website as requested. The posting shall contain the information contained in the Capacity Release Request, except that the minimum price in any minimum price condition requested to be held confidential by the Releasing Shipper (but not the existence of the minimum bid condition), shall be kept confidential and shall not be posted. The posting shall also include the maximum reservation charge (including all reservation surcharges) applicable to the capacity subject to the Capacity Release Request or a statement that the maximum rate does not apply where the rate ceilings on such releases have been waived pursuant to 18 C.F.R. Section 284.8(i), the beginning and ending time for the open season and the time the notice was posted. If the Releasing Shipper will accept volumetric bids, the maximum volumetric bid shall equal the maximum FCS overrun rate minus the maximum FCS commodity rate. Canyon shall post the Capacity Release Request upon receipt, unless the Releasing Shipper requests otherwise. If the Releasing Shipper requests a posting time, Canyon will comply with that request as long as it comports with the deadlines set forth in this Section 16.

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(b) An open season shall consist of: (1) a one (1) hour period on a Business Day between 12:00 p.m. and 1:00 p.m. Central Clock Time or (2) any number (no fractions) of Business Days running from 12:00 p.m. Central Clock Time on a Business Day to 1:00 p.m. Central Clock Time on the following Business Day, as requested by the Releasing Shipper in its Capacity Release Request; provided, however, that any Capacity Release Request for a period of one (1) year or longer must have an open season of at least three (3) Business Days, each running from 12:00 p.m. Central Clock Time on a Business Day to 1:00 p.m. Central Clock Time two (2) Business Days later.

(c) A Releasing Shipper may not specify an extension of an open season or the match period for a Prearranged Release. Rather, the Releasing Shipper must submit a new Capacity Release Request.

16.8 QUALIFIED BIDS FOR RELEASED CAPACITY RIGHTS

(a) At any time during an open season, a Qualified Bidder may submit a Qualified Bid via Canyon's Interactive Website (or in writing for posting on Canyon's Interactive Website if Canyon's Interactive Website is unavailable for receiving Qualified Bids) seeking released capacity rights under a Capacity Release Request. In addition to being prequalified for credit pursuant to Section 16.15, each Qualified Bid must include the following:

**Second Revised Sheet No. 149** Second Revised Sheet No. 149 : Effective  
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(1) The Qualified Bidder's legal name, address, phone number, telefax number, the name and title of the individual responsible for authorizing the Qualified Bid and identification of the capacity rights for which the Qualified Bid is made;

(2) The term for the purchase;

(3) A Minimum Bid Volume and a Maximum Bid Volume (in Dth per day);

(4) The fixed reservation charge and/or volumetric charge that the Qualified Bidder agrees to pay for the capacity (and if a volumetric charge, any minimum amount to be billed as a reservation charge, which must be equal to or greater than any such amount designated by the Releasing Shipper);

(5) A statement that the Qualified Bidder agrees to all the terms and conditions of the Capacity Release Request, with only the modifications as expressly provided in its Qualified Bid, which modifications must be permitted by the Capacity Release Request and must conform with the requirements in Section 16. In the event that the Releasing Shipper has stated that Qualified Bid(s) may be contingent upon subsequent events and the Qualified Bidder submits such a contingent Qualified Bid, then the Qualified Bidder must state in full the nature of the condition and the last date by which the Qualified Bid is null and void if the contingency does not occur; and

(6) Agreement that the Qualified Bidder is bound by the terms and conditions of the capacity award by Canyon pursuant to this Section 16 to the Qualified Bidder, including Canyon's standard form of Agreement covering the Rate Schedule applicable to the released capacity and the terms and conditions of the Qualified Bid and the Capacity Release Request, in accordance with Canyon's Tariff.

(b) The volume in a Qualified Bid may not be less than the minimum volume required for an Eligible Firm Compression Agreement under Canyon's Tariff. Neither the volume nor the release term specified in a Qualified Bid may exceed the maximum volume or term specified in a Capacity Release Request, unless the Capacity Release Request specifically allows otherwise. A Qualified Bidder must accept all the terms and conditions of a Capacity Release Request submitted under Section 16.4 (involving a Prearranged Release) except for the level of the reservation charge and the MDQ, unless the Capacity Release Request specifically allows otherwise.

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**Fifth Revised Sheet No. 150** Fifth Revised Sheet No. 150 : Effective  
Superseding: Fourth Revised Sheet No. 150

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(c) A Qualified Bidder may not bid rates which would exceed Canyon's maximum reservation charge applicable to the Eligible Firm Compression Agreement capacity; provided, however, that the bid may exceed the maximum rate to the extent the rate ceilings have been waived for released capacity contracts of less than one (1) year pursuant to 18 C.F.R. Section 284.8(i). A Qualified Bid may state a dollar amount or a percentage of Canyon's maximum reservation rate, unless the Releasing Shipper has specified that the bid must specify one or the other, in which case, the Qualified Bid must comport with the Releasing Shipper's choice. If the Original Shipper is paying a Negotiated Rate or a rate under a Negotiated Rate Formula pursuant to Section 35 of these General Terms and Conditions, a Qualified Bidder may not bid a rate which exceeds the applicable Recourse Rate; except to the extent the rate ceilings have been waived for released capacity contracts of less than one (1) year pursuant to 18 C.F.R. Section 284.8(i). The maximum Qualified Bid reservation charge includes all demand surcharges, including all direct-billed charges and Order No. 636 transition costs which are or may become applicable to the Eligible Firm Compression Agreement capacity.

(d) All Qualified Bids shall provide for payment of maximum commodity charges under Canyon's Tariff for the service capacity bid, as well as all other applicable add-on charges and surcharges under Canyon's Tariff, such as, but not limited to, ACA, Fuel Gas, Unaccounted For Gas and any FERC Order No. 636 commodity-based transition cost recovery surcharge.

(e) A Qualified Bid received by Canyon during an open season shall be posted by Canyon on the Informational Postings portion of Canyon Interactive Website upon receipt, without the name of the Qualified Bidder. A Qualified Bid may be withdrawn by the Qualified Bidder prior to the close of the open season, but may not be withdrawn thereafter. Following such withdrawal, the Qualified Bidder cannot bid for the same capacity during the open season at a lower rate.

(f) All Qualified Bids must be consistent with all provisions of Canyon's Tariff. Any Qualified Bid inconsistent with Canyon's Tariff or the applicable Capacity Release Request shall be null and void.

16.9 AWARDING OF RELEASED CAPACITY; EFFECTIVE DATE; GAS  
NOMINATIONS

(a) For a Prearranged Release for which no open season is required under Section 16.6 and which is received at least one (1) hour prior to a nomination deadline on a Day, Canyon shall award the capacity to the Prearranged Shipper within one (1) hour after release notification, provided that all applicable provisions of this Section 16 have been complied with.

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(b) As to any other Prearranged Release, in the event there was no winning Qualified Bid(s) with a higher total Bid Value than the Prearranged Shipper's Bid Value, Canyon shall notify the Prearranged Shipper. If, during an open season, the winning Qualified Bid(s) have a higher total Bid Value than the Bid Value of the Prearranged Release under the bid evaluation procedure selected by the Releasing Shipper, Canyon shall notify the Prearranged Shipper of the terms and conditions of the winning Qualified Bid(s), except for any identification of the Qualified Bidder(s). The Prearranged Shipper may elect to match any or all of such winning Qualified Bid(s), but may not elect to match only a portion of a winning Qualified Bid. Such election shall consist of the Prearranged Shipper submitting notice to Canyon of its unconditional agreement to the terms and conditions of one or more of such winning Qualified Bid(s) in writing or electronic means. In the event of a timely match, the Prearranged Shipper shall be awarded the released capacity. To the extent that the Prearranged Shipper fails to timely match (within the required time frame) the winning Qualified Bid(s) with a higher Bid Value, then the Qualified Bidder(s) who made the winning Qualified Bid shall be awarded the capacity. The timelines for the above actions shall be as provided in Section 16.1 of these General Terms and Conditions.

(c) For any other Capacity Release Request, the capacity rights shall be automatically awarded to the winning Qualified Bidder(s) when Canyon has identified the entity(s) to receive the released capacity under this Section 16.

(d) A capacity release shall become effective upon the awarding of capacity consistent with this Section 16. Nominations for gas service utilizing the released capacity shall be accepted at the next available nomination opportunity which occurs on or after the time the release becomes effective hereunder, consistent with 18 C.F.R. Section 284.12(c)(1)(ii); provided that nominations cannot be effectuated prior to the beginning time specified in the release. Canyon shall issue a contract to the winning Qualified Bidder within one (1) hour after the capacity has been awarded. So long as the winning bidder has pre-approved credit, that bidder can submit a nomination consistent with the above regardless of whether a contract with Canyon covering the capacity awarded has been issued or executed; provided, however, that a contract must be executed under the provisions of the relevant rate schedule regarding timely execution of a contract tendered by Canyon in order for a Shipper to have continued service beyond the maximum time specified for timely contract execution. If the original Shipper has already submitted a nomination on a Day under the Agreement being released, and if the Replacement Agreement covering the released capacity is effective that same Day, the original Shipper may incur overrun charges if his nomination exceeds the reduced contractual parameters under the original Agreement resulting from the release (i.e., if the original Shipper fails to reduce its nomination, or does not adequately reduce its nomination, at the first opportunity the Replacement Shipper has to nominate).

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(e) Gas nominations for transportation pursuant to released capacity are subject to the provisions of Section 9 of these General Terms and Conditions. Gas nominations by a Shipper utilizing released capacity awarded by Canyon shall constitute Shipper's binding acceptance of the terms and conditions of the capacity award by Canyon pursuant to this Section 16, including Canyon's standard form of Agreement covering the Rate Schedule applicable to the released capacity and the terms and conditions of the Qualified Bid and the Capacity Release Request, in accordance with Canyon's Tariff.

(f) Subject to the other provisions in this Section 16, in the event that there is no Qualified Bidder or Prearranged Shipper for posted Eligible Firm Compression Agreement capacity during an open season, no capacity release will be awarded and the Releasing Shipper shall retain the capacity sought to be released.

16.10 BID EVALUATION PROCEDURE

(a) Unless specifically requested otherwise by a Releasing Shipper in its Capacity Release Request, Qualified Bids for released capacity shall be evaluated pursuant to Sections 16.10(b) through 16.10(g) below. Any Qualified Bid with a contingency must have such contingency eliminated before 3:00 p.m. Central Clock Time following the close of the open season, unless the Releasing Shipper's offer has specified a later time; otherwise, such Qualified Bid will be rejected.

(b) Canyon shall calculate a Bid Value and Unit Bid Value for each Qualified Bid, and the Prearranged Release (if any), as follows:

(1) For each month, the volume and rate stated in the Qualified Bid shall be multiplied together to derive a gross monthly revenue figure. If the Qualified Bids contain volumetric-based charges permitted by the Capacity Release Request, then the gross monthly revenue figure shall be equal to any minimum amount to be designated by the bidder billed as a reservation charge even if there is no (or insufficient) flow:

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(2) Each gross monthly revenue figure shall be discounted to a net present value figure as of the first day of the capacity release as sought in the Capacity Release Request, using the current Federal Energy Regulatory Commission interest rate as defined in 18 C.F.R. Section 154.67(c) (2) (iii) (A) .

(3) The net present value figures for the proposed release shall be summed, and such sum shall be the Bid Value.

(4) The Unit Bid Value is defined to equal the Bid Value divided by the product of: (i) the highest volume of capacity (in Dth) sought in the Qualified Bid for any day; multiplied by (ii) the release term (in months) in the Capacity Release Request; and multiplied further by (iii) thirty and four-tenths (30.4) .

(c) The combination of Qualified Bid(s) with the highest possible total Bid Value (Winning Bid Value) for the capacity in the Capacity Release Request shall be the winning Qualified Bid(s). A Qualified Bid may be allocated less than its Maximum Bid Volume, but in no event shall the Qualified Bid be allocated less than its Minimum Bid Volume. It is recognized that this procedure is intended to result in the highest possible total Bid Value for the Releasing Shipper consistent with the Qualified Bids, and it is possible that a Qualified Bid with the highest individual Unit Bid Value may be rejected partially or in its entirety.

(d) If there is more than one combination of Qualified Bids with a total Bid Value equal to the Winning Bid Value this Section 16.10(d) provides the procedure for selecting just one such combination, and thereby the winning Qualified Bid(s) .

Subject to the provisions in Sections 16.10(d) (1), (2) and (3) below, the selection of winning Qualified Bid(s) among Qualified Bids (or combinations thereof) of equal Bid Value is based on the following order of preference: (i) pro rata, if possible; (ii) preference for a Qualified Bid with the highest Maximum Bid Volume; (iii) preference for a Qualified Bid with the lowest Minimum Bid Volume; and (iv) first come, first served.

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The specific Qualified Bid selection procedure is as follows:

(1) Identify the Winning Bid Value. If there is only one Qualified Bid, or combination of Qualified Bids, which create the Winning Bid Value, such Qualified Bid(s) shall be awarded the released capacity.

(2) In order to break ties, identify all Qualified Bids which, alone or in combination with other Qualified Bids, can create the Winning Bid Value. Rank order these Qualified Bids in order of their Unit Bid Value from highest to lowest. Allocate the Capacity Release Request capacity first to the Maximum Bid Volume of each Qualified Bid with the highest Unit Bid Value; allocate any remainder to the Maximum Bid Volume of each Qualified Bid with the next highest Unit Bid Value; and so forth. If, at any step, the available Capacity Release Request capacity is less than the combined Maximum Bid Volumes of Qualified Bids with equal Unit Bid Values, then the Capacity Release Request capacity shall be allocated on a pro rata basis to each Qualified Bid based on its Maximum Bid Volume. To the extent such a pro rata allocation would result in a capacity allocation to one or more Qualified Bid(s) below its Minimum Bid Volume, then such below-minimum Qualified Bids shall be discarded in their entirety and the Capacity Release Request capacity shall instead be allocated on a pro rata basis (based on the Maximum Bid Volume of each Qualified Bid) among the remaining Qualified Bid(s).

(3) In the event that the previous Section 16.10(d)(2) pro rata allocation procedure does not result in a single winning combination of Qualified Bid(s) with the Winning Bid Value, then Section 16.10(d)(2) shall be disregarded and the winning Qualified Bid(s) shall be determined in the following manner:

(A) Identify the highest individual Maximum Bid Volume for a Qualified Bid which, alone or in combination with other Qualified Bid(s), can create the Winning Bid Value. Discard all Qualified Bid combinations which do not contain a Qualified Bid with such highest Maximum Bid Volume. Identify the highest volume which can be allocated to such Qualified Bid with such highest Maximum Bid Volume in the remaining combinations and still have the Winning Bid Value. Discard all combinations of Qualified Bid(s) which do not contain the highest such volume allocation. If this does not break the tie, then repeat the above procedure looking to

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the next highest Maximum Bid Volume, with the highest volume allocated thereto, within each remaining combination of Qualified Bid(s) with a Winning Bid Value; and so forth, until the tie is broken or all Qualified Bids in the remaining combinations are reviewed.

(B) If the above does not break the tie, identify again the Qualified Bid within each remaining combination with the highest Maximum Bid Volume and the highest volume allocated to such Qualified Bid, and identify which such Qualified Bid has the lowest Minimum Bid Volume. Discard all combinations which do not contain such Qualified Bid. If this does not break the tie, repeat the above procedure looking to the next highest Maximum Bid Volume, with the lowest Minimum Bid Volume, within each remaining combination of Qualified Bid(s) with the Winning Bid Value; and so forth, until the tie is broken or all Qualified Bid(s) in the remaining combination are reviewed.

(C) If the above does not break the tie, identify again the Qualified Bid within each remaining combination with the highest Maximum Bid Volume. The combination containing such Qualified Bid that Canyon's Interactive Website shows was submitted and received earliest by Canyon's Interactive Website (or if Canyon's Interactive Website is not available and the Qualified Bid was submitted in writing, the time Canyon received the Qualified Bid) shall be the winning combination. The next highest Maximum Bid Volume within each remaining combination shall be used as necessary pursuant to the above first come, first served rule to break any remaining ties; and so forth as necessary to break any remaining ties.

(4) In no event shall the combination of winning Qualified Bid(s) result in a total Bid Value less than the highest possible total Bid Value achievable from a combination of Qualified Bid(s) consistent with the Qualified Bids, the Capacity Release Request and this Section 16.

(5) The Qualified Bid(s) allocated capacity under Sections 16.10(c) or 16.10(d) shall be winning Qualified Bid(s) to the extent of such capacity allocations.

(6) Here are examples of the application of Section 16.10(d):

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EXAMPLE (1) Assume:

Capacity Release Request = 100,000/day for 5 years

Qualified Bids:

	Maximum Bid Volume	Term	Unit Bid Value	Minimum Bid Volume
	-----	-----	-----	-----
Bid (a)	20,000/day	5 years	\$.18	0
Bid (b)	10,000/day	5 years	\$.17	0
Bid (c)	85,000/day	5 years	\$.15	0

Winning Qualified Bids: There is only one combination of bids with the highest possible total Bid Value (Winning Bid Value). Therefore, Bid (a) receives its Maximum Bid Volume (20,000); Bid (b) receives its Maximum Bid Volume (10,000); Bid (c) receives 70,000.

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EXAMPLE (2) The assumptions remain the same as in Example (1), except that we assume that Bid (c) has a Minimum Bid Volume of 85,000.

Winning Qualified Bids: Again, there is only one combination of bids with the Winning Bid Value. Therefore, Bid (c) receives its Maximum Bid Volume (85,000) plus Bid (a) receives 15,000.

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EXAMPLE (3) The assumptions remain the same as in Example (1), except that we assume that Bid (a) has a Minimum Bid Volume of 20,000 and Bid (c) has a Minimum Bid Volume of 85,000.

Winning Qualified Bids: Again, there is only one combination of bids with the Winning Bid Value. Therefore, Bids (b) and (c) each receive their Maximum Bid Volumes. This combination leaves 5,000 unallocated, which stays with the Releasing Shipper.

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EXAMPLE (4) Assume:

Capacity Release Request = 100,000/day for 5 years

Qualified Bids:

	Maximum Bid Volume	Term	Unit Bid Value	Minimum Bid Volume
	-----	-----	-----	-----
Bid (a)	60,000/day	5 years	\$.18	0
Bid (b)	60,000/day	5 years	\$.18	0
Bid (c)	70,000/day	5 years	\$.18	45,000
Bid (d)	50,000/day	5 years	\$.18	15,000
Bid (e)	30,000/day	5 years	\$.18	10,000
Bid (f)	40,000/day	5 years	\$.17	0

Winning Qualified Bids: Bid (a) receives 30,000; Bid (b) receives 30,000; Bid (d) receives 25,000; and Bid (e) receives 15,000.

Explanation: There are many combinations of Bids (a), (b), (c), (d) and (e) with the same Winning Bid Value. Each Bid has the same Unit Bid Value. There is insufficient capacity being released to provide all the Maximum Bid Volumes for Bids (a), (b), (c), (d) and (e). Pursuant to Section 16.10(d)(2), a pro rata allocation is attempted. This would result in each bidder receiving 100/270 of its Maximum Bid Volume. In the case of Bid (c), Bid (c) would receive 70,000 (100/270) = 25,925 Dth. Since this figure is below Bid (c)'s Minimum Bid Volume of 45,000, Bid (c) must be discarded. Bids (a), (b), (d) and (e) are able to be allocated capacity based on a 100/270 pro rata factor. With Bid (c) discarded, the pro rata allocation factor is now 100/200 (i.e., one-half) so that Bids (a), (b), (d), and (e) each receive half of their Maximum Bid Volumes. Bid (c) receives zero (0) because its Minimum Bid Volume was too high for the initial pro rata allocation.

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EXAMPLE (5) Assume:

Capacity Release Request = 100,000/day for 5 years

Qualified Bids:

	Maximum Bid Volume	Term	Unit Bid Value	Minimum Bid Volume
	-----	-----	-----	-----
Bid (a)	60,000/day	5 years	\$.18	60,000
Bid (b)	60,000/day	5 years	\$.18	50,000
Bid (c)	70,000/day	5 years	\$.18	65,000
Bid (d)	50,000/day	5 years	\$.18	15,000
Bid (e)	30,000/day	5 years	\$.18	10,000
Bid (f)	40,000/day	5 years	\$.17	0

Winning Qualified Bids: Bid (c) receives 70,000. Bid (d) receives 30,000.

Explanation: Again, there are many combinations of Bids (a), (b), (c), (d) and (e) with the same Winning Bid Value. Pro rata allocation won't work, because each Bid would receive 100/270 of the capacity; only Bids (d) and (e) have low enough Minimum Bid Volumes for a pro rata allocation, and the sum of Bid (d)'s and Bid (e)'s Maximum Bid Volumes is less than 100,000. Under Section 16.10(d)(3)(A), we then look to the combinations of Bid(s) (a), (b), (c), (d) and (e) to identify the Bid with the highest Maximum Bid Volume. This is Bid (c). We allocate the highest volume to Bid (c) consistent with creating the Winning Bid Value, so 70,000 is allocated to (c). This leaves 30,000 to be allocated. Bids(a) and (b) have the next highest Maximum Bid Volume (60,000), but the Minimum Bid Volumes of Bids (a) and (b) are each too high to receive the remaining capacity. The next highest available Maximum Bid Volume is in Bid (d), which is allocated the remaining capacity of 30,000.

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EXAMPLE (6) The assumptions remain the same as in Example (5),  
except that we assume that Bids (c) and (d) were never  
made.

Winning Qualified Bids: Bid (b) receives 60,000. Bid (e) receives  
30,000. Bid (f) receives 10,000.

Explanation: There are two combinations of Qualified Bids with the  
Winning Bid Value:

Combination 1	Combination 2
-----	-----
Bid (a): 60,000	Bid (b): 60,000
Bid (e): 30,000	Bid (e): 30,000
Bid (f): 10,000	Bid (f): 10,000

(Pro rata allocation pursuant to Section 16.10(d)(2) between Bids  
(a), (b) and (e) doesn't work, because only Bid (e) has a low enough  
Minimum Bid Volume to accept 100/150 capacity allocation and Bid (e)  
alone cannot create the Winning Bid Value). Under Section  
16.10(d)(3)(A), we compare Combinations 1 and 2 for the highest  
individual Maximum Bid Volumes, and find them all equal. Under  
Section 16.10(d)(3)(B), the tie breaker goes to the Winning Bid  
Value combination containing the Qualified Bid having the highest  
Maximum Bid Volume and the lowest Minimum Bid Volume. In this case,  
Bid (b) has the same (highest) Maximum Bid Volume as Bid (a) but a  
lower Minimum Bid Volume. Therefore, Combination 2 wins.

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EXAMPLE (7) Assume:

Capacity Release Request = 100,000/day for 5 years

Qualified Bids (which were all received through Canyon's Interactive Website):

	Maximum Bid Volume -----	Term -----	Unit Bid Value -----	Minimum Bid Volume -----
Bid (a)	50,000/day	5 years	\$.18	50,000
Bid (b)	50,000/day	5 years	\$.18	50,000
Bid (c)	50,000/day	5 years	\$.18	50,000

Winning Qualified Bids: The two Qualified Bids shown as received earliest by Canyon's Interactive Website shall each receive their Maximum Bid Volume.

Explanation: Clearly, any two Bids in combination have the same Winning Bid Value. Since the Bids are completely inflexible and have equivalent Maximum Bid Volumes and equivalent Minimum Bid Volumes, only Section 16.10(d) (3) (C) can be used to break the tie. The tie breaker looks to the Qualified Bid(s) shown as received earliest on Canyon's Interactive Website.

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(e) In no event shall this Section 16.10 result in winning Qualified Bids with a total volume in excess of the capacity specified in the Capacity Release Request.

(f) The bid evaluation procedure set forth in this Section 16.10 shall only consider Qualified Bids to the extent they provide for an objectively quantifiable payment by the Qualified Bidder. A Qualified Bid based on a percentage of Canyon's reservation charge shall be evaluated by Canyon based solely on the maximum reservation charge being charged by Canyon for such service as of the end of the open season.

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(g) If the Releasing Shipper selected a bid evaluation procedure which is different from the procedure set forth in this Section 16.10, which procedure must comply with Section 16.5, Canyon shall determine the winning Qualified Bid(s) pursuant to the Releasing Shipper's bid evaluation procedure in its Capacity Release Request and computer diskette (if any) submitted by the Releasing Shipper pursuant to Section 16.5(a).

16.11 CONFIRMATIONS; RELEASED FIRM COMPRESSION AGREEMENT

At the time the award of capacity under this Section 16 is posted, Canyon shall send the winning Qualified Bidder or the Prearranged Shipper confirmation of the capacity release awarded to such Qualified Bidder or Prearranged Shipper. Prior to Canyon awarding capacity on a Prearranged Release, the Prearranged Shipper shall confirm electronically the terms of the Prearranged Release.

16.12 COMPLETED TRANSACTIONS

By 5:00 p.m. Central Clock Time after capacity has been awarded, Canyon shall post on the Informational Postings portion of its Interactive Website the name(s) of the winning Qualified Bidder(s), identification of the winning Qualified Bid(s) and any minimum bid conditions held confidential during the open season. The Releasing Shipper is responsible for reviewing the Qualified Bids to ensure that the released capacity was correctly awarded. The Releasing Shipper shall notify Canyon of any error in the award of capacity within one business day after such posting on the Interactive Website. In the event of an error, the capacity shall be reawarded by Canyon. As between Canyon and the Releasing Shipper, the Releasing Shipper shall indemnify and hold Canyon harmless as to any costs, damages or expenses claimed by third parties relating to the bid evaluation procedure for which timely notice of an error was not provided to Canyon by the Releasing Shipper hereunder. Canyon shall correct an error after receiving notice of such error from the Releasing Shipper or another person.

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16.13 BILLING

(a) Canyon shall bill the Replacement Shippers and the Subreplacement Shippers the rate(s) specified in the Released Firm Compression Agreements and any other applicable charges and each such Replacement Shipper and Subreplacement Shipper shall pay the billed amounts directly to Canyon. Canyon shall have the right to discount the commodity rates under the Released Firm Transportation Agreement. Canyon will support volumetric releases with volumetric commitments by fully accounting for volumetric and reservation components, consistent with the rules and regulations enunciated by the Federal Energy Regulatory Commission.

(b) A Releasing Shipper shall be billed the reservation charge associated with the entire amount of released capacity pursuant to its contract rate, which includes all non-commodity based charges under Canyon's Tariff for such released capacity including but not limited to additional direct-bill charges and FERC Order No. 636 transition costs, with a concurrent conditional credit for payment of the reservation charge due from the Replacement or Subreplacement Shipper(s), as applicable, which received the released capacity. A Releasing Shipper shall also be billed a marketing fee, if applicable, pursuant to the provisions of Section 17 of these General Terms and Conditions. As to any capacity released by a Releasing Shipper, the Releasing Shipper shall not be billed or be responsible for: (1) commodity charges; (2) cashouts of imbalances; and (3) add-on charges and surcharges applicable to Canyon's commodity rates under Canyon's Tariff such as ACA, Fuel Gas and Unaccounted For Gas, which are incurred by a Replacement Shipper or Subreplacement Shipper which received the released capacity.

(c) If a Replacement Shipper or Subreplacement Shipper does not make payment to Canyon of the reservation portion of the charges due as set forth in its Released Firm Compression Agreement, Canyon shall bill the Releasing Shipper(s) from whom such Replacement or Subreplacement Shipper received the capacity for the amount(s) due, including all applicable late charges authorized by Canyon's Tariff, and such amount shall be paid by such Releasing Shipper within ten (10) days of the receipt of such billing, or interest shall continue to accrue. In the event that the Replacement or Subreplacement Shipper has not paid such amount(s) due by the end of such ten (10) day period, then: (1) the Releasing Shipper has the right to recall the capacity; (2) Canyon's rights against the

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delinquent Replacement/Subreplacement Shipper shall be subrogated to the related rights of the Releasing Shipper; and (3) Canyon shall have no obligation to pursue the Replacement/Subreplacement Shipper for the amount(s) due.

(d) All payments received from a Replacement or Subreplacement Shipper shall first be applied to reservation charges, then to late charges on reservation charges, then to scheduling charges and cashout amounts, then to late charges not on the reservation charges, and then last to commodity-based charges. Payments by Replacement or Subreplacement Shippers in excess of the total amount(s) due for the Released Firm Compression Agreement capacity shall be a credit applied to any outstanding balance owed under any contract with Canyon, or a refund if requested in writing and no such outstanding balance exists.

(e) If Canyon is obligated to refund any amounts attributable to reservation charges for capacity which has been released, Canyon shall make the applicable refund to the Replacement Shipper to the extent that Canyon has actually received reservation charge amounts from the Replacement Shipper in excess of the amounts assessable under the revised maximum reservation charge rates (which amounts are credited to the account of the Releasing Shipper under Section 16.13(d) above). Canyon shall make a corresponding adjustment to the capacity release credit provided to the Releasing Shipper, and may reflect the reduced capacity release credit in a lower refund or adjusted billings to the Releasing Shipper. Any other applicable reservation charge refunds shall go to the Releasing Shipper. Commodity rate refunds shall go to the party which paid the commodity charge.

16.14 NOMINATIONS/SCHEDULING; RECALLS AND REPUTS

(a) RECALLING CAPACITY - GENERAL

Canyon supports the ability of a Releasing Shipper to specify as a condition of a capacity release offer which recall notification periods as set out below will be available for use by the parties to the release and whether recall notices must be provided on a Business Day. All Replacement and Subreplacement Shippers shall nominate and schedule natural gas for service hereunder directly with Canyon in accordance with the applicable procedures set forth in Section 9 of these General Terms and Conditions. In order for any capacity recall or capacity reput to be effective for a day, a Releasing Shipper must give prior notice of such recall or reput and any allocation of the capacity for a partial recall or reput to Canyon.

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Superseding: First Revised Sheet No. 163A

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(b) RECALL NOMINATION TIMELINE

Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity (scheduled or unscheduled) at any of the daily nomination cycles consistent with the following (notice of the allocation of capacity between the Releasing Shipper and the Replacement Shipper hereunder is intended to be provided in a manner that will permit affected parties sufficient time to place nominations or take other corrective actions and thereby avoid penalties):

(1) TIMELY RECALL NOTIFICATION

(i) A Releasing Shipper recalling capacity must provide notice of such recall to Canyon and to the first Replacement Shipper no later than 8:00 a.m. on the day that Timely Nominations are due;

(ii) Canyon shall provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the day that Timely Nominations are due (Central Clock Time);

(2) EARLY EVENING RECALL NOTIFICATION

(i) A Releasing Shipper recalling capacity must provide notice of such recall to Canyon and to the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due;

(ii) Canyon shall provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening Nominations are due (Central Clock Time);

(3) EVENING RECALL NOTIFICATION

(i) Releasing Shipper recalling capacity must provide notice of such recall to Canyon and to the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due;

(ii) Canyon shall provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening Nominations are due (Central Clock time);

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(4) INTRADAY 1 RECALL NOTIFICATION

(i) A Releasing Shipper recalling capacity must provide notice of such recall to Canyon and to the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due;

(ii) Canyon shall provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the day that Intraday 1 Nominations are due (Central Clock time); and

(5) INTRADAY 2 RECALL NOTIFICATION

(i) A Releasing Shipper recalling capacity must provide notice of such recall to Canyon and to the first Replacement Shipper no later than 2:30 p.m. on the day that Intraday 2 Nominations are due;

(ii) Canyon shall provide notification of such recall to all affected Replacement Shippers no later than 3:30 p.m. on the day that Intraday 2 Nominations are due (Central Clock time).

(6) OTHER

For recall notifications provided to Canyon prior to the recall notification deadline specified in (1)-(5) of this Section 19.14(b) and received by Canyon between 7:00 a.m. and 5:00 p.m., Canyon shall provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification. For recall notifications provided to Canyon after 5:00 p.m. and prior to 7:00 a.m., Canyon should provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. (Central Clock Time)

(c) METHODS OF NOTIFICATION

(1) The Replacement Shipper is to provide Canyon with no more than two Internet E-mail addresses to be used for recall notification under Section 19.14(b) of these General Terms and Conditions. The obligation of Canyon to provide notification is waived until at least one of the addresses has been provided. When Canyon sends Internet E-mail notification for recalling of capacity to each affected Replacement Shipper, the subject line of the E-mail should include the following

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information separated by commas in the following order: (1) "Recall", (2) the recall notification period, (3) the Effected Date in YYYYMMDD format, (4) Canyon's name or abbreviation (excluding commas), and (5) Canyon's D-U-N-S number. The body of such E-mail notification is to contain at least the affected Replacement Shipper's Contract Number, the quantity of capacity being recalled, and the Offer Number or Award Number, if necessary to uniquely identify the capacity being recalled. For recalls that are effective at non-standard times, the appropriate recall notification period is to be included in the subject line and the effective time of the recall is to be in the body of the E-mail. If Canyon allows capacity recall notification mechanisms in addition to Internet E-mail, the notification is to include at least the same level of information. Affected Replacement Shippers are to manage internal distribution of notifications of recall received from Canyon.

(2) The Releasing Shipper shall provide capacity recall notification to Canyon through Canyon's Interactive Website. The Releasing Shipper shall provide notice to its affected Replacement Shipper at the same time it provides notification to Canyon. The recall notification must specify the recall notification period for the specified effective gas Day, as well as any other information needed to uniquely identify the capacity being recalled. The mode of notification is to be mutually agreed upon between the Releasing and the Replacement Shipper.

(3) All recalled capacity notices must indicate whether penalties will apply for the gas day for which quantities are reduced due to a capacity recall.

(d) QUANTITY ALLOCATION

In the event of an intra-day capacity recall, Canyon shall determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity (EPC). In any recall notification provided to Canyon, the quantity should be expressed in terms of the adjusted total released capacity entitlements based upon EPC. EPC means that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity. The amount of the capacity allocated to the Replacement Shippers(s) should equal the

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original released capacity less the recalled capacity that is adjusted based upon the EPC. Canyon shall not be obligated to deliver in excess of the total daily contract quantity of the release as a result of any recall. The service flexibility available to either the Releasing Shipper or the Replacement Shipper for the subject capacity shall not be less as a result of the recall.

(e) REPUTS

When capacity is recalled, it may not be reput for the same gas day.

(f) DISPUTES

In the event of a dispute between the Releasing Shipper and any other person as to the validity of any recall or return, or the status of the holder of the capacity rights, Canyon shall be entitled to conclusively rely on any notice provided by the Releasing Shipper. The Original Shipper, Replacement Shipper and/or Subreplacement Shipper involved in any such dispute shall indemnify and hold Canyon harmless from any costs, damages or expenses relating to Canyon's reliance on such notice.

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16.15 QUALIFICATION FOR PARTICIPATION IN THE CAPACITY RELEASE PROGRAM

(a) Any person wishing to become a Qualified Bidder and make a Qualified Bid must satisfy the creditworthiness requirements in Section 14 of these General Terms and Conditions prior to submitting a Qualified Bid under this Section 16. A person cannot bid for services which exceed its qualified level of creditworthiness. Canyon shall process--and encourages--applications from potential Qualified Bidders seeking prequalification for bids they may make in the future.

(b) Credit applications shall be completed in full with all information required to establish creditworthiness under the credit criteria included in Section 14 of these General Terms and Conditions. Should a potential bidder fail to satisfy such credit criteria, the potential bidder may still become a Qualified Bidder by providing a prepayment, letter of credit, security interest or guarantee satisfactory to Canyon as further set forth in Section 14 of these General Terms and Conditions.

(c) Based on Canyon's continuing review of a Shipper's financial records, Canyon shall have the right to amend a Shipper's line of credit and lower or increase the quantity and term.

(d) Canyon's determination of a Shipper's creditworthiness is solely for Canyon's purposes under Canyon's Tariff and such determination is neither a representation nor a guarantee to a Releasing Shipper or any other entity as to the ability of a Replacement or Subreplacement Shipper to pay any outstanding amount under a Released Firm Compression Agreement.

16.16 COMPLIANCE BY SHIPPER

By acquiring released capacity, a Shipper agrees that it will comply with all provisions of Canyon's Tariff and all applicable Commission orders, rules and regulations. Such Shipper also agrees to be responsible to Canyon for compliance with all applicable terms and conditions of Canyon's Tariff, as well as the terms and conditions of the Released Firm Compression Agreement.

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16.17 OBLIGATIONS OF RELEASING SHIPPER

(a) The Releasing Shipper shall continue to be liable and responsible for all reservation charges associated with the released capacity up to the reservation charge specified in such Releasing Shipper's Agreement with Canyon. The Releasing Shipper agrees that the award of capacity and the execution of a Released Firm Compression Agreement by a Replacement Shipper or Subreplacement Shipper shall automatically reduce the Releasing Shipper's firm capacity rights under the Agreement with Canyon effective on the effective date of the release for the period of the release, except for any period that the firm capacity is recalled by the Releasing Shipper (if the successful bid so permits) until such capacity is repute to the Replacement or Subreplacement Shipper in accordance with this Section 16.

(b) A release by a Replacement Shipper shall not relieve the Original Shipper or the Replacement Shipper of their obligations under this Section 16.

(c) In the event that a Released Firm Compression Agreement covers the remaining term of the Eligible Firm Compression Agreement at maximum rates, then the Original Shipper may request in writing that the Original Shipper's rights and obligations under the Eligible Firm Compression Agreement shall be prospectively assigned to, and be assumed by, the Replacement Shipper. Following such request, Canyon shall send the Original Shipper and Replacement Shipper an assignment agreement to so provide. In the event that the Original Shipper and the Replacement Shipper execute such assignment agreement, subject to the approval of Canyon's lenders if Canyon's loan agreement so requires, the Original Shipper shall be released from all liability under the Eligible Firm Compression Agreement arising after such execution date.

16.18 CONVERSIONS BETWEEN MONTHLY AND DAILY RESERVATION RATES

For less than maximum rate transactions only, converting daily rate to monthly rate is accomplished by multiplying the daily rate times number of days in rate period, dividing the result by number of months in rate period and taking the remainder out to five (5) decimal places and rounding up or down to Canyon's specified decimal place. Converting a monthly rate to a daily rate is accomplished by multiplying the monthly rate by number of months in rate period, dividing the result by number of days in rate period and taking the remainder out to five (5) decimal places and rounding up or down to Canyon's specified decimal place.

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19.19 CANYON'S RIGHT TO TERMINATE A CAPACITY RELEASE

Canyon may elect to terminate a Replacement Shipper's Agreement with Canyon upon prior written notice to the Replacement Shipper at least equal in duration to the minimum notice period which is provided for under Section 5.8 of these General Terms and Conditions for termination of service to the Releasing Shipper from which the Replacement Shipper obtained its capacity, under the following conditions:

(a) The Releasing Shipper has failed to make timely payment or maintain credit (or provide adequate assurance of payment) in accordance in Sections 5.8 and/or 14 of these General Terms and Conditions and Canyon has suspended or terminated service to the Releasing Shipper or has provided notice under Section 5.8 which ultimately results in suspension or termination of service; and

(b) The rate stated in the Replacement Shipper's Agreement is less than the rate for service under Canyon's contract with the Original Shipper; provided, however, that a Replacement Shipper which is creditworthy can continue an existing capacity release by notifying Canyon that it agrees to pay a rate which it specifies that equals or exceeds the lower of: (i) the applicable maximum rate; or (ii) the same rate as is in the original Agreement between Canyon and the Releasing Shipper. Alternatively, notwithstanding Section 16.8(c) of these General Terms and conditions, Canyon and the Replacement Shipper may agree upon other pricing terms, in which case the release shall continue. Such notification or agreement must be effectuated prior to the end of the notice period.

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17. ADVERTISEMENT AND MARKETING FEES

17.1 ADVERTISEMENTS

Any person may advertise for the purchase of capacity on Canyon's System on its Interactive Website by submitting the desired advertisement (up to one page) to Canyon. Canyon shall post such advertisement on the Informational Postings portion of its Interactive Website no later than the business day following receipt thereof, if so requested, so long as the advertisement is not unlawful or inconsistent with Canyon's Tariff. The posted period requested may be for a period of time not to exceed one month. There will be no posting fee for advertisements seeking to purchase capacity on Canyon. A response in and of itself to an advertisement seeking to purchase capacity, while a first step, does not constitute a capacity release; to complete the release of capacity, the Shipper holding the capacity rights must utilize the release procedures set forth in Section 16 of these General Terms and Conditions.

17.2 FEE FOR ACTIVE MARKETING

When a Releasing Shipper under Section 16 of these General Terms and Conditions requests that Canyon actively market capacity to be released, the Releasing Shipper and Canyon shall negotiate the terms of the marketing service to be provided by Canyon and the marketing fee to be charged therefor.

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18. PRE-GRANTED ABANDONMENT, CONTRACT ROLLOVERS AND RIGHT OF FIRST REFUSAL

18.1 GENERAL

Subject to Section 18.4, service performed by Canyon under Part 284 of the Commission's Regulations shall expire, and shall be automatically abandoned, upon contract termination unless service is continued pursuant to Sections 18.2 or 18.3.

18.2 RIGHT OF FIRST REFUSAL

(a) Any Shipper under an FCS Agreement (1) executed after March 27, 2000 with a term of twelve (12) consecutive months or more at the applicable maximum rate or (2) with a primary term of one (1) year or greater which was in effect on March 27, 2000 shall have the right to continue receiving service after the expiration of its existing Agreement if, pursuant to the Right of First Refusal procedures set forth in this Section 18.2, it matches the price and term offered for such service by any other bidder; provided, however, that (irrespective of the price offered by the existing Shipper or any bidder) Canyon shall not be required to provide service at a discount from its applicable maximum rate unless it otherwise agrees; and, provided further that if a bid is submitted for a Negotiated Rate or Negotiated Rate Formula under Section 35 of these General Terms and Conditions, the existing Shipper need match only the value of that bid utilizing the Recourse Rate in lieu of the Negotiated Rate or Negotiated Rate Formula consistent with said Section 35.

(b) To exercise the Right of First Refusal, Shipper must provide Canyon with a written notice of its intent to do so in a form specified by Canyon and must submit such notice at least six (6) months prior to the expiration of the existing Agreement. Such notice must specify a desired term of service and the desired MDQ in total and at each Receipt and Delivery Point. If the requested MDQ is greater than the existing MDQ in total and at each Receipt and Delivery Point, any such increase shall be treated as a request for new service under the applicable Rate Schedule and only the original MDQ shall be subject to the Right of First Refusal under this Section. The Right of First Refusal may apply to a portion of the original Shipper's then effective service. Any notice specifying a decrease in MDQ in total or at any point shall not affect the existing Agreement during its remaining term.

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(c) Within fifteen (15) days after receipt of a notice under Section 18.2(b), Canyon shall post on the Informational Postings portion of its Interactive Website an Announcement of Capacity Availability Subject to Right of First Refusal (Capacity Announcement) which shall: (1) specify the original Shipper's service rights; (2) indicate the availability of such service as of the date the existing Agreement expires, subject to the Right of First Refusal; (3) state the maximum rate applicable to such service; (4) set out any other information required by this Section; and (5) solicit bids for such service. Such Capacity Announcement shall be maintained, and bids accepted via Canyon's Interactive Website or other mutually agreed means, for a period of one (1) month from the initial posting.

(d) (1) Within one (1) week after the end of the one month period during which the Capacity Announcement is posted, Canyon shall convey to the original Shipper a term sheet for the best bid (based on price and term) which would qualify for such service in all respects (including meeting applicable credit criteria), which is a bona fide bid and which Canyon is willing to accept. Canyon may, but is not required to, accept any bid which reflects a discount from the applicable maximum rate. In assessing which is the best bid if more than one bid is received, Canyon shall apply the same criteria utilized to evaluate bids under the Capacity Release Program (except that contract terms in excess of five years shall not increase the value of any bid), unless different objective economic criteria are posted by Canyon along with the Capacity Announcement. If a bid is received for a Negotiated Rate or Negotiated Rate Formula pursuant to Section 35 of these General Terms and Conditions, the value of the bid shall be assessed utilizing the Recourse Rate in lieu of the Negotiated Rate or Negotiated Rate Formula consistent with said Section 35.

(2) Canyon's term sheet shall contain any and all terms of the bid but shall not identify the bidder; provided, however, such bid sheet shall indicate if the best bid was submitted by an affiliate of Canyon. Except for the providing of such term sheet to the original Shipper, all terms and conditions of any bid and the identity of the bidder shall remain confidential; provided that the Commission may on request have access to such information on a confidential basis.

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FERC Docket: RP01-460-000

**Second Revised Sheet No. 169** Second Revised Sheet No. 169 : Effective  
Superseding: First Revised Sheet No. 169

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(3) The original Shipper shall have two (2) weeks to notify Canyon whether or not it desires to match the best bid. To match the best bid, the original Shipper must agree to a price (up to the applicable maximum rate or Recourse Rate) and a term (up to five years) which at least equals the bid on all or any portion of the service the original Shipper desires to retain; provided, however, that if the original Shipper seeks to retain only a portion of its MDQ, the analysis of whether the original Shipper has matched the best bid may take into account the MDQ requested under the best bid relative to the MDQ the original Shipper seeks to retain. The original Shipper may provide a counteroffer which contains either a higher price than the best bid or a longer term than the best bid to offset a shorter term or a lower price than that offered in the best bid. Canyon shall determine whether such a counteroffer constitutes a match, utilizing the same criteria as were applied to determine the best bid.

(e) (1) If the original Shipper matches the best bid, it shall be entitled to continuation of service and shall be obligated to sign an Agreement tendered by Canyon which reflects the best bid or any counteroffer by the original Shipper which matches such best bid.

(2) If the existing Shipper fails to match the best bid, the existing Agreement shall terminate at the end of its term and service to the existing Shipper shall be automatically abandoned.

(3) Submission of a bid shall be binding on the bidder. The bidder submitting the best bid shall be obligated to sign an Agreement reflecting its bid if the original Shipper fails to match. Nothing herein shall preclude negotiation of a more acceptable Agreement by mutual consent of Canyon and such bidder; provided, however, that service may not be agreed upon under terms and conditions less favorable to Canyon than the best bid without providing the original Shipper an additional opportunity to match such revised terms and conditions.

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(f) In the absence of a qualified bid, the rate (within applicable maximums and minimums) and the term shall be negotiated between Canyon and the Shipper. No discount or other special terms shall continue under a rollover Agreement unless Canyon and Shipper mutually agree. If no agreement is reached prior to the expiration of the existing Agreement, Shipper may require that Canyon enter into an Agreement to provide service at the applicable maximum rate for a term specified by Shipper and running from the date the existing Agreement expires. Unless Shipper so elects, service hereunder shall be terminated and automatically abandoned.

18.3 CONTRACTUAL ROLLOVERS

The term of service under any firm or interruptible compression Agreement may be extended pursuant to a rollover or evergreen provision in such Agreement, which provision supersedes any otherwise applicable rollover or Right of First Refusal pursuant to this Section. In addition, the parties may subsequently negotiate rollover or evergreen provisions which differ from this Section. Canyon is not obligated to offer or agree to any such rollover or evergreen provisions; provided, however, that to the extent it offers or agrees to any such provision, it must do so on a non-discriminatory basis for similarly situated Shippers.

18.4 VALID REQUEST CRITERIA

Unless waived by Canyon, the requirements for a valid request under the applicable Rate Schedule (including the applicable credit analysis) apply to any rollover Agreement.

18.5 FURTHER ROLLOVER

Any Agreement entered into pursuant to this Section 18 shall be evaluated on a stand-alone basis hereunder for purposes of determining whether it, in turn, is eligible for the Right of First Refusal under this Section.

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19. MEASUREMENT

19.1 UNIT OF MEASUREMENT AND METERING BASE

The volumetric measurement base shall be one (1) cubic foot of gas at a pressure base of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia), at a temperature base of sixty degrees Fahrenheit (60 F.) and without adjustment for water vapor.

19.2 ATMOSPHERIC PRESSURE

For the purpose of measurement, calculations, and meter calibration, the average absolute atmospheric (barometric) pressure shall be based on the actual altitude of each point of measurement irrespective of variations in natural atmospheric pressure from time to time. In the event electronic computer measurement is used, the absolute gas pressure will be measured directly, using an absolute pressure measuring device for continuous input to the electronic computer.

19.3 TEMPERATURE

The temperature of the gas shall be determined at the points of measurement by means of a properly installed recording thermometer or continuous electronic transducer input to a computer of standard manufacture determined by Canyon in the exercise of its reasonable judgment to be installed in accordance with the recommendations contained in ANSI/API 2530 First Edition ("Orifice Metering of Natural Gas"). The arithmetic average of hourly temperatures for each day shall be used in computing temperatures of the gas during such day for conventional chart measurement. In the event electronic computer measurement is used, average daily temperature will be computed as a running average of data determined during each computer scan.

19.4 DETERMINATION OF HEATING VALUE AND SPECIFIC GRAVITY

The Heating Value and specific gravity of the gas may be determined by on-line recording calorimeter and gravitometer or by recording chromatograph. In the event a continuous gas sampling device is used, intervals mutually agreed upon should not be less than once every month. For conventional chart measurement, the

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arithmetic average of the hourly Heating Value and specific gravity recorded during periods of flow each day by a recording calorimeter and gravitometer or recording chromatograph, if installed, shall be considered as the Heating Value and specific gravity of the gas delivered during each day. In the event electronic computer measurement is used, the determination of Heating Value and specific gravity from chromatograph or calorimeter and gravitometer transducers shall input continuously into the computer for volume calculations. In the event a continuous gas sampler is installed, then the Heating Value and specific gravity shall be determined in the laboratory by chromatograph and/or running a portion of test sample through a calorimeter and gravitometer. Such determinations shall be considered as the Heating Value and specific gravity of all gas delivered during the applicable period of sampling. Heating Values and specific gravities will be used in calculating gas delivered for the day on which the test is made, and for all following days until the next test is made. All Heating Value and specific gravity determinations made with a chromatograph shall use physical gas constants for gas compounds as outlined in ANSI/API 2530 First Edition ("Orifice Metering of Natural Gas") with any subsequent amendments or revisions which Canyon may adopt in the exercise of its reasonable judgment. The calculations (for Btu) shall be based on dry gas if the gas at the measurement points contain less than five (5) pounds of water per MMcf. If the gas at the measurement points contains more than five (5) pounds per MMcf of water, the appropriate factor determined by Canyon in the exercise of its reasonable judgment for the actual water vapor content will be applied to the Btu calculations to correct for this water content.

19.5 SUPERCOMPRESSIBILITY

The measurement hereunder shall be corrected for deviation from Boyle's Law at the pressures and temperatures under which gas is measured hereunder by the use of the Formula NX-19 appearing in the manual entitled, "PAR Research Project NX-19, Extension of Range of Supercompressibility Tables," AGA Catalog No.48/PR published by the American Gas Association in 1963 as supplemented or amended from time to time. Inert content of the metered gas stream used in the Formula NX-19 calculations shall be determined by a chromatographic analysis using spot sample when deliveries commence and thereafter by chromatographic analysis no less than semiannually or by more frequent continuous sampling or by continuous computer input at each of the points where the gas is received and delivered.

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FERC Docket: RS92- 57-003

Original Sheet No. 173 Original Sheet No. 173 : Effective

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19.6 MEASURING EQUIPMENT

Unless otherwise agreed upon, Canyon will install, maintain and operate or cause to be installed, maintained and operated measuring stations equipped with flow meters and other necessary metering and measuring equipment by which the volumes of gas received and Equivalent Volumes delivered hereunder shall be determined. Shipper may install check measuring equipment at its own cost and expense; provided such equipment shall be so installed as not to interfere with the operations of Canyon. Canyon and Shipper, in the presence of each other, shall have access to the other's measuring equipment at all reasonable times but the reading, calibrating and adjusting of electronic computer components and/or mechanical recording instruments thereof and the changing of charts shall be done only by the equipment owner or such owner's representative, unless otherwise agreed upon. Both Canyon and Shipper shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment; provided, however, failure of either Canyon or Shipper to witness such an operation shall not affect the validity of such operation in any way. The records from such measuring equipment shall remain the property of its owner, but upon request, each will submit within ten (10) days to the other its records and charts, together with calculations therefrom, for inspection, subject to return within thirty (30) days after receipt thereof. The measurement equipment of Shipper shall be for check purposes only and, except as expressly provided herein shall not be used in the measurement of gas for the purposes of this Tariff.

19.7 ORIFICE METERS

Orifice meters shall be installed and gas volumes computed, in accordance with the standards prescribed in ANSI/API 2530 entitled, "Orifice Metering of Natural Gas, which Incorporates Gas Measurement Committee Report #3 of the American Gas Association," revised and reprinted, September, 1969, and any subsequent amendments Canyon may adopt in the exercise of its reasonable judgment.

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19.8 ELECTRONIC FLOW COMPUTERS

It is recognized that electronic or other types of flow computers have been developed that permit the direct computation of gas flows without the use of charts. Where the substitution of these devices is deemed acceptable by Canyon in the exercise of its reasonable judgment, its use for custody transfer will be permitted.

19.9 NEW MEASUREMENT TECHNIQUES

If, at any time during the term hereof, a new method or technique is developed with respect to gas measurement or the determination of the factors used in such gas measurement, such new method or technique may be substituted by Canyon in exercise of its reasonable judgment. Canyon shall promptly inform all Shippers of any new techniques adopted.

19.10 CALIBRATION AND TEST OF METERS

The accuracy of all measuring equipment shall be verified by Canyon at reasonable intervals, and if requested, in the presence of representatives of Shipper, but neither Shipper nor Canyon shall be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. If either party at any time desires a special test of any measuring equipment, it will promptly notify the other, and the parties shall then cooperate to secure a prompt verification of the accuracy of such equipment.

19.11 CORRECTION OF METERING ERRORS

If, upon any test, any measuring equipment is found to be inaccurate, such equipment shall be adjusted immediately to measure accurately. If upon any test the measuring equipment in the aggregate is found to be inaccurate by one percent (1%) or more at a recording corresponding to the average hourly rate of gas flow for the period since the last preceding test, previous recordings of such equipment and pursuant to Section 13.5 hereof, any payments based thereon shall be corrected at the rate of such inaccuracy for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period extending over one-half (1/2) of the time elapsed since the date of the last test. Measurement data corrections should be processed within six (6) months of the production month with a three (3) month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

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19.12 FAILURE OF MEASURING EQUIPMENT

In the event any measuring equipment is out of service, or is found registering inaccurately and the error is not determinable by test, or by previous recordings, receipts or deliveries through such equipment shall be estimated and agreed to by the parties upon the first of the following methods which is feasible:

(a) By correcting the error if the percentage of error is ascertainable by calibration, special test, or mathematical calculation, or in the absence of (a);

(b) By using the registration of any check meter or meters, if installed and accurately registering, or in the absence of both (a) and (b), then;

(c) By estimating the quantity of receipt or delivery based on receipts or deliveries during preceding periods under similar conditions when the measuring equipment was registering accurately.

19.13 PRESERVATION OF RECORDS

Shipper and Canyon shall preserve for a period of at least three (3) years, or for such longer period as may be required by appropriate authority, all test data, charts and other similar records.

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FERC Docket: RS92- 57-003

**Original Sheet No. 176** Original Sheet No. 176 : Effective

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20. PRESSURE AND DELIVERY CONDITIONS

20.1 RECEIPT POINT PRESSURE

Shipper shall deliver gas to Canyon at the pressure prevailing in Canyon's System at the Receipt Point, as such pressure may vary from time to time.

20.2 DELIVERY POINT PRESSURE

Canyon shall deliver natural gas to Shipper at the Delivery Point at the pressure available in Canyon's pipeline at such point.

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21. QUALITY OF GAS

21.1 HEAT CONTENT

The gas delivered at each of the points of receipt and the point of delivery hereunder shall contain a Heating Value of not less than nine hundred fifty (950) Btu per cubic foot.

21.2 FREEDOM FROM OBJECTIONABLE MATTER

The gas received and delivered:

(a) Shall be commercially free from dust, gums, gum-forming constituents, dirt, impurities or other solid or liquid matter which might interfere with its merchantability or cause injury to or interference with proper operation of the pipelines, regulators, meters, or other equipment of Canyon;

(b) Shall not contain more than one (1) grain of hydrogen sulfide per one hundred (100) cubic feet of gas, as determined by methods prescribed in "Standards of Gas Service, Circular of the National Bureau of Standards," No. 405, page 134 (1934 edition), and shall be considered free from hydrogen sulfide if a strip of white filter paper, moistened with a solution containing five percent (5%) by weight of lead acetate, is not distinctly darker than a second paper freshly moistened with the same solution, after the first paper has been exposed to the gas for one and one-half (1-1/2) minutes in an apparatus of approved form, through which the gas is flowing at the rate of approximately five (5) cubic feet per hour, the gas from the jet not impinging directly upon the test paper; or the hydrogen sulfide content may be determined by an instrument selected by Canyon in exercise of its reasonable judgment;

(c) Shall not contain more than twenty (20) grains of total sulfur (including the sulfur in any hydrogen sulfide and mercaptans) per one hundred (100) cubic feet;

(d) Shall not at any time have an oxygen content in excess of ten parts per million (10 ppm) by volume, and the parties hereto shall make every reasonable effort to keep the gas free of oxygen;

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**Second Revised Sheet No. 178** Second Revised Sheet No. 178 : Effective  
Superseding: Original Sheet No. 178

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(e) Shall be delivered at a temperature not in excess of one hundred twenty degrees Fahrenheit (120 F.) or less than twenty degrees Fahrenheit (20 F.);

(f) Shall not contain more than three percent (3%) by volume of carbon dioxide;

(g) Shall not contain water vapor in excess of five (5) pounds per million (1,000,000) cubic feet of gas; and

(h) Shall not contain any hydrocarbon fractions which might condense to free liquids in the line under normal pipeline conditions.

21.3 TOXIC AND HAZARDOUS SUBSTANCES

Shipper agrees to supply or cause its designee to supply to Canyon upon demand, at any time and from time to time, a sample of liquids removed from the gas stream at any Receipt Point, whether removed by a coalescer or otherwise, for analysis at a laboratory of Canyon's choosing. If at any time PCBs or any other toxic substances or chemicals that Canyon deems hazardous and/or in any way unsafe for transportation are found in the liquid samples supplied to Canyon by Shipper, Canyon may in its sole discretion immediately cease the receipt of such gas and any associated liquids through its facilities. Upon proof that such toxic or hazardous substances are no longer present at levels deemed unsafe by Canyon, Canyon shall restore service to Shipper at the affected Receipt Point.

21.4 NON-CONFORMING GAS

If at any time, gas tendered under the Agreement shall fail to conform to any of the quality specifications set forth above the receiving party may, at its option, refuse to accept delivery pending correction of the deficiency by the delivering party.

21.5 POSTING OF GAS QUALITY INFORMATION

Canyon posts information on gas quality on its system as described in Section 15.1(a) of these General Terms and Conditions.

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FERC Docket: RS92- 57-003

Original Sheet No. 179 Original Sheet No. 179 : Effective

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22. FORCE MAJEURE

22.1 EFFECT OF FORCE MAJEURE

In the event of either Canyon or Shipper being rendered unable by Force Majeure (on its part or that of a necessary third party) to carry out, wholly or in part, its obligations under the provisions of an Agreement, it is agreed that the obligations of the party affected by such Force Majeure, other than the obligation to make payments thereunder, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall, so far as possible, be remedied with all reasonable dispatch.

22.2 DEFINITION OF FORCE MAJEURE

(a) The term "Force Majeure" as employed herein shall mean acts and events not within the control of the party claiming suspension and shall include acts of God, strikes, lockouts or other industrial disturbances, inability to obtain pipe or other material or equipment or labor, wars, riots, insurrections, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraint of rulers and people, interruptions by government or court orders, present or future orders of any regulatory body having proper jurisdiction, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or pipelines, and any other cause whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which, by the exercise of due diligence, such party is unable to overcome.

(b) Nothing contained herein, however, shall be construed to require either party to settle a strike against its will. Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use reasonable diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies relieve either party of liability otherwise unless such party shall give notice and full particulars of the same in writing or by electronic means to the other party as soon as possible after the occurrence relied on.

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**Original Sheet No. 180** Original Sheet No. 180 : Effective

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23. POSSESSION OF GAS, TITLE AND RESPONSIBILITY

Shipper warrants that it will at the time of delivery to Canyon have good title to all gas so delivered free and clear of all liens, encumbrances and claims whatsoever. As between Shipper and Canyon, Shipper shall be deemed to be in control and possession of the gas and responsible for and hold Canyon harmless of and from any damage or injury caused thereby until it shall have been delivered to Canyon at the Receipt Point(s), after which Canyon shall be deemed to be in control and possession of such gas until its delivery to Shipper, or for Shipper's account at the Delivery Point(s) and while in such possession Canyon shall be responsible therefor and hold Shipper harmless of and from any damage or injury caused thereby. Canyon shall have no responsibility with respect to any gas on account of anything which may be done, happen or arise with respect to said gas until it is received by Canyon. Shipper shall have no responsibility with respect to said gas after its receipt by Canyon or on/account of anything which may be done, happen or arise with respect to said gas after such receipt until its delivery to Shipper, or for Shipper's account, at the Delivery Point(s). The point of the division of responsibility shall be the point of interconnection between the facilities of Canyon and Shipper, or their respective agents, at the Receipt or Delivery Point(s), as applicable. The foregoing provisions of this Section shall not relieve either party from responsibility for acts of gross negligence or willful misconduct of such party, its agents or employees.

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FERC Docket: RP01-334-000

**First Revised Sheet No. 181** First Revised Sheet No. 181 : Effective  
Superseding: Original Sheet No. 181

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24. NOTIFICATION

24.1 GENERAL

Except as provided otherwise in this Tariff or the Agreement, operational communications may be made by telephone or other mutually agreeable means without subsequent written confirmation, unless written confirmation is requested by either party hereto. Any notice, request, demand, statement or other formal communication shall only be deemed given when delivered by first class, certified or registered U.S. mail, overnight delivery, courier, telefax or Electronic Notice Delivery consistent with GISB Standards as adopted in Section 34 of these General Terms and Conditions. Such delivery shall: (a) be sent to Canyon at the address specified in the Agreement, or through such electronic means as are available and authorized by Canyon, or at an address otherwise stated in a notice by Canyon to Shipper; and (b) be sent to Shipper at the address in the Agreement pursuant to the Rate Schedule, through Electronic Notice Delivery or at an address otherwise stated in a notice by Shipper to Canyon.

24.2 NOTIFICATION PROCEDURES

(a) PRICING

(1) The availability and pricing of services on Canyon's System is governed by this Tariff. From time to time, Canyon changes or updates its Tariff by filings with the FERC. Each Shipper is notified by Canyon of such filings and is provided a copy of each filing.

(2) Telephone inquiries related to the availability or pricing of services are answered by representatives of Canyon and upon request, potential Shippers are provided copies of Canyon's Tariff filings.

(3) Shippers desiring a rate under any Agreement other than the maximum rate on file with the FERC are required to submit such requests in writing or by electronic medium to the Manager, Gas Transportation, in Houston. Any lower rate agreed to by Canyon is evidenced in writing to such Shipper, and such rate is considered confidential until it is reported to the FERC as required by the Regulations. In order to attract or determine interest in the use of any particular service, representatives of Canyon from time to time contact Shippers by telephone. Such conversations are confidential and may or may not result in Shipper submitting a request for a discounted rate for a particular service.

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**First Revised Sheet No. 182** First Revised Sheet No. 182 : Effective  
Superseding: Original Sheet No. 182

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(b) CAPACITY

(1) Capacity available for firm service is communicated to requestors of that service under the provisions of the applicable firm Rate Schedule. The general availability of firm capacity is also communicated by Canyon's Interactive Website which is described in Section 15 of these General Terms and Conditions.

(2) Capacity available for interruptible services is communicated to holders of interruptible Agreements by representatives of Canyon in response to the Shippers' nominations for service under Canyon's first come, first served queue. The nomination and confirmation procedure is detailed in Section 9 of these General Terms and Conditions and in the Transportation Handbook available as provided in subsection (c). The general availability of interruptible capacity is also communicated by the Informational Postings portion of Canyon's Interactive Website, which is described in Section 15 of these General Terms and Conditions.

(3) When available capacity is affected by construction projects or unforeseen conditions, Canyon communicates such information primarily via its Interactive Website (and primarily by posting on the Informational Postings portion thereof) to its Shippers. Canyon also uses letters or telephone calls to communicate capacity information when such means are appropriate.

Effective Date: 12/01/1993 Status: Effective

FERC Docket: RS92- 57-003

Original Sheet No. 183 Original Sheet No. 183 : Effective

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25. OBLIGATION TO CARRY OUT AGREEMENT/FILINGS

25.1 OBLIGATIONS TO CARRY OUT AGREEMENT

Other provisions of an Agreement notwithstanding, Canyon shall be under no obligation to commence service thereunder unless and until: (1) all facilities, of whatever nature, as are required to permit (as applicable) the receipt, measurement, transportation and delivery of natural gas under the Agreement have been installed and are in operating condition; (2) any payments due Canyon thereunder have been received; and (3) Canyon has, in its reasonable discretion, determined that such service is authorized under all applicable Regulations.

25.2 REGULATORY FILINGS

After the execution of an Agreement, each party shall make and diligently prosecute, any and all necessary filings with Federal or other governmental bodies, or both, as may be required for the initiation and continuation of the service which is the subject of an Agreement. Upon either party's request, the other party shall timely provide or cause to be provided to the requesting party such information and material not within the requesting party's control and/or possession that may be required for such filings. Each party shall promptly inform the other party of any changes in the representations made by such party herein and/or in the information provided pursuant to this Section. Each party shall promptly provide the other party with a copy of all filings, notice, approvals, and authorizations in the course of the prosecution of its filings.

Effective Date: 12/01/1993 Status: Effective

FERC Docket: RS92- 57-003

Original Sheet No. 184 Original Sheet No. 184 : Effective

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26. INDEMNIFICATION

26.1 GENERAL

Shipper will indemnify and hold Canyon harmless from and against any and all suits, actions, causes of action, claims and demands arising from or out of any adverse claims by third parties claiming ownership of or an interest in the gas tendered under an Agreement. Canyon will indemnify and save Shipper harmless from and against any and all suits, actions, causes of action, claims and demands arising from or out of any adverse claims by third parties claiming ownership of or an interest in the gas delivered to Shipper, or for Shipper's account, under an Agreement.

26.2 ELIGIBILITY FOR SERVICE

Shipper warrants that its requested service meets the requirement for service under the applicable Rate Schedule and these General Terms and Conditions and conforms to applicable Regulations of the FERC. Shipper further agrees to abide by the terms of the applicable Rate Schedule and these General Terms and Conditions. Shipper will indemnify Canyon and hold Canyon harmless from all suits, actions, damages, costs, losses, expenses (including reasonable attorney fees) and regulatory proceedings arising from its breach of this warranty. Shipper further agrees to indemnify Canyon and save Canyon harmless from any claims asserted by any person because of any curtailment or interruption of service which is consistent with the applicable Rate Schedule and these General Terms and Conditions. Shipper, however, shall have no obligation to indemnify Canyon for the results of any intentional or unintentional acts by Canyon that contravene the applicable Rate Schedule or these General Terms and Conditions.

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FERC Docket: RS92- 57-003

Original Sheet No. 185 Original Sheet No. 185 : Effective

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27. SUCCESSORS AND ASSIGNS

Any company which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of Shipper or Canyon shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the Agreement; provided, however, that Canyon reserves the right to evaluate and approve the creditworthiness of the new entity in accordance with the Evaluation of Credit section of these General Terms and Conditions. Except as provided in Section 2 of these General Terms and Conditions, no other assignment of an Agreement or any of the rights or obligations thereunder shall be made by Shipper unless there first shall have been obtained the written consent thereto of Canyon. Shipper or Canyon may pledge or assign their respective right, title and interest in and to and under the Agreement to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities without the necessity of such trustee or trustees becoming in any respect obligated to perform the obligations of the assignor under the Agreement and, if any such trustee be a corporation, without its being required to qualify to do business in any State in which performance of the Agreement may occur.

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FERC Docket: CP94-138-001

**First Revised Sheet No. 186** First Revised Sheet No. 186 : Effective  
Superseding: Original Sheet No. 186

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28. REGULATION

The operation of the provisions of this Tariff shall be subject to any and all governmental statutes and all lawful orders, rules, and regulations affecting the receipt, storage, transportation or delivery of gas hereunder or the equipment required in connection with such receipt, storage, transportation or delivery. It is understood that performance under any Agreement shall be subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control of the matter related hereto. Should either of the parties, by force of any such law, order, rule or regulation, at any time during the term of the Agreement be ordered or required to do any act inconsistent with the provisions thereof, then for that period only during which the requirements of such law, order, rule or regulation are applicable, the Agreement shall be deemed modified to conform with the requirement of such law, order, rule or regulation; provided, however, nothing herein shall alter, modify or otherwise affect the respective rights of the parties to cancel or terminate the Agreement under its terms and conditions.

Effective Date: 12/01/1993 Status: Effective

FERC Docket: RS92- 57-003

Original Sheet No. 187 Original Sheet No. 187 : Effective

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29. OPERATOR

29.1 DESIGNATION OF OPERATOR

Canyon has designated Natural Gas Pipeline Company of America to be Operator of the System to perform all of Canyon's obligations hereunder. Canyon reserves the right to change the designation of the Operator.

29.2 WAIVER AND INDEMNIFICATION

(a) In the absence of gross negligence, recklessness or willful misconduct on the part of Operator, its officers, employees or agents, each Shipper waives any and all claims and demands against Operator, its officers, employees or agents, arising out of or in any way connected with: (1) the quality, use or condition of the gas after delivery from the System for the account of such Shipper; (2) any losses or shrinkage of gas during and resulting from transportation hereunder; and (3) all other claims and demands arising out of the performance of the duties of Operator, its officers, employees or agents hereunder.

(b) In the absence of gross negligence, recklessness or willful misconduct on the part of Canyon, each Shipper waives any and all claims and demands against Canyon arising out of or in any way connected with: (1) the quality, use or condition of the gas after delivery from Canyon for the account of such Shipper; (2) any losses or shrinkage of gas during and resulting from transportation hereunder; and (3) all other claims and demands arising out of Canyon's performance of its duties hereunder.

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FERC Docket: RS92- 57-003

**Original Sheet No. 188** Original Sheet No. 188 : Effective

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30. MISCELLANEOUS

30.1 LIMITATION ON LIABILITY

Any claim by Shippers against Canyon which may arise hereunder shall be made only against Canyon and all rights to proceed against any and all Affiliate-Shippers of Canyon, individually or collectively, or against their assets as a result of such claim or any obligations arising therefrom is hereby expressly waived by Shippers.

30.2 LINE PACK

Canyon shall furnish all line pack required initially or from time to time and the cost of line pack will be reflected in Canyon's rate base.

Effective Date: 09/01/2000 Status: Effective

FERC Docket: MT00- 15-000

**Second Revised Sheet No. 189** Second Revised Sheet No. 189 : Effective  
Superseding: First Revised Sheet No. 189

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31. OPERATING CONDITIONS PURSUANT TO ORDER NOS. 497 AND 566

31.1 PERSONNEL AND FACILITIES

Employees of Natural Gas Pipeline Company of America  
(Natural) operate Canyon.

Information on any operating facilities or operating  
personnel that Canyon shares with any of its marketing affiliates  
will be available on its Internet Web site. Such information will  
be updated within three (3) business days of any change.

Canyon shall disclose to non-affiliated Shippers non-  
public operating data available to marketing affiliates related to  
Canyon.

31.2 VALID REQUEST INFORMATION

The specific information and format for a valid  
request for transportation service are contained in Section 3 of  
Rate Schedules FCS and ICS of Canyon's FERC Gas Tariff.

**Second Revised Sheet No. 190** Second Revised Sheet No. 190 : Pending  
Superseding: First Revised Sheet No. 190

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end, it is the policy of Canyon that customer concerns and problems, communicated in any form to any representative of Canyon, be satisfactorily resolved as informally, as rapidly and at as low a level as is possible. If attempts to resolve problems and concerns through such normal communication channels are unsuccessful, the procedures set forth in Sections 31.3(a) through 31.3(e) should be followed.

(a) Formal complaints by Shippers and potential shippers shall be addressed to the Vice President, Business Management, located in Downers Grove, Illinois. A complaint should contain as much specific information as is possible in order to facilitate the appropriate resolution of the matter. Anyone making a verbal complaint should specifically identify the communication as a complaint.

(b) The Vice President, or his designee, shall acknowledge the receipt of the complaint within forty-eight (48) hours of receipt. If appropriate, Canyon's resolution of the matter will be communicated tentatively to the complainant at that time.

(c) The Vice President, or his designee, shall communicate, as necessary, with others concerning the complaint and the formation of an appropriate response to it.

(d) The timing and nature of subsequent communications with the complainant, including final resolution of the matter, shall be at the discretion of the Vice President. Every effort shall be made to resolve finally each complaint in writing within thirty (30) days after the complaint was originally received. At a minimum, Canyon shall notify Shipper in writing of the status of the complaint within thirty (30) days of its receipt.

(e) The foregoing recognizes that individual complaints may vary greatly as to complexity and seriousness. For this reason, the informed judgment of the Vice President shall be relied upon in each instance for the necessary determinations concerning such things as: (1) the exact steps to be taken in addressing the complaint; (2) the need to involve more senior officers in the matter; and (3) the appropriate final resolution of the complaint.

Effective Date: 09/24/2001 Status: Effective  
FERC Docket: RP01-515-000

**First Revised Sheet No. 191** First Revised Sheet No. 191 : Effective  
Superseding: Original Sheet No. 191

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32. ANNUAL CHARGES ADJUSTMENT CHARGE

32.1 PURPOSE

This Section of the General Terms and Conditions is filed pursuant to Section 154.402 and Subpart B of Part 382 of the Commission's Regulations under the Natural Gas Act (NGA) and the Natural Gas Policy Act of 1978. The intent and purpose of this Section is to establish an Annual Charges Adjustment (ACA) provision under which Canyon can recover from its customers annual charges assessed to it by the Commission pursuant to Part 382 of the Commission's Regulations (ACA Cost). All amounts assessed pursuant to Part 382 of the Commission's Regulations shall be recorded in Account 928. Canyon will not seek to recover annual charges assessed to it pursuant to Part 382 of the Commission's Regulations in an NGA Section 4 rate case. For the purpose of recovering annual charges assessed to Canyon pursuant to Part 382 of the Commission's Regulations, this Section establishes an ACA charge as set forth in the Currently Effective Rates section of this Tariff.

32.2 APPLICABILITY

The ACA charge shall be applicable to all transportation transactions performed by Canyon.

32.3 BASIS OF THE ACA CHARGE

The rates for all transactions specified in Section 32.2 hereof shall be adjusted by a unit charge to recover ACA Cost. Such unit charge shall be that increment, adjusted to Canyon's pressure base and Heating Value, if required, which has been established by the Commission. The ACA unit charge shall be applied to the commodity component of rates.

32.4 FILING PROCEDURE

The ACA charge shall be filed annually by Canyon at least thirty (30) days prior to the Effective Date of Charge. Any such filing shall become effective on the effective date of charges hereunder without suspension or refund obligation.

32.5 EFFECTIVE DATE OF CHARGE

The effective date of charges filed pursuant to this Section shall be October 1.

*Effective Date: 12/01/1993 Status: Effective*

*FERC Docket: RS92- 57-003*

**Original Sheet No. 192** Original Sheet No. 192 : Effective

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33. NON-WAIVER OF FUTURE DEFAULT

No waiver by either Shipper or Canyon of any one or more defaults by the other in performance of any of the provisions of the Agreement shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or of a different character.

**Tenth Revised Sheet No. 193** Tenth Revised Sheet No. 193 : Effective  
Superseding: Ninth Revised Sheet No. 193

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34. COMPLIANCE WITH 18 C.F.R., SECTION 284.12

34.1 Canyon shall comply with the following business practice and electronic communication standards incorporated by reference in Section 284.12 of the Commission's Regulations (18 C.F.R. Section 284.12):

(a) GENERAL STANDARDS (Version 1.7, as amended by 2004 Annual Plan Item 2 (Order No. 2004 Standards)): 0.1.1, 0.1.2, 0.3.1, 0.3.3, 0.3.4, 0.3.5, 0.3.6, 0.3.7, 0.3.8, 0.3.9, 0.3.10 and 0.121.

(b) NOMINATIONS, CONFIRMATIONS AND SCHEDULING (Version 1.7): 1.1.12, 1.1.13, 1.1.14, 1.1.16, 1.1.17, 1.1.20, 1.1.21, 1.1.22, 1.2.1, 1.2.2, 1.2.3, 1.2.5, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19, 1.3.2 (vi), 1.3.7, 1.3.20, 1.3.24, 1.3.25, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.33, 1.3.34, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.45, 1.3.46, 1.3.47, 1.3.48, 1.3.49, 1.3.50, 1.3.51, 1.3.52, 1.3.53, 1.3.54, 1.3.55, 1.3.56, 1.3.57, 1.3.58, 1.3.59, 1.3.60, 1.3.61, 1.3.62, 1.3.63, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77 and 1.3.79.

(c) FLOWING GAS (Version 1.7): 2.1.2, 2.1.3, 2.1.5, 2.1.6, 2.2.2, 2.2.3, 2.2.4, 2.2.5, 2.3.1, 2.3.2, 2.3.4, 2.3.7, 2.3.8, 2.3.11, 2.3.12, 2.3.13, 2.3.15, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.27, 2.3.29, 2.3.30, 2.3.32, 2.3.33, 2.3.34, 2.3.35, 2.3.40, 2.3.41, 2.3.42, 2.3.43, 2.3.44, 2.3.45, 2.3.46, 2.3.47, 2.3.48, 2.3.49, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63 and 2.3.64.

(d) INVOICING (Version 1.7): 3.3.1, 3.3.2, 3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.16, 3.3.20, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25 and 3.3.26.

(e) ELECTRONIC DELIVERY MECHANISMS (Version 1.7, as amended by 2004 Annual Plan Item 2 (Order No. 2004 Standards); and 2005 Annual Plan Item 8 (May 3, 2005) (Affiliate Order Standards)): 4.1.2, 4.1.3, 4.1.4, 4.1.6, 4.1.7, 4.1.9, 4.1.10, 4.1.12, 4.1.13, 4.1.15, 4.1.16, 4.1.17, 4.1.18, 4.1.19, 4.1.20, 4.1.21, 4.1.22, 4.1.23, 4.1.24, 4.1.26, 4.1.27, 4.1.28, 4.1.29, 4.1.30, 4.1.31, 4.1.32, 4.1.33, 4.1.34, 4.1.35, 4.1.36, 4.1.37, 4.1.38, 4.1.39, 4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20, 4.3.1, 4.3.2, 4.3.3, 4.3.5, 4.3.7, 4.3.8, 4.3.9,

**Substitute Ninth Revised Sheet No. 194** Substitute Ninth Revised Sheet No. 194 : Effective  
Superseding: Eighth Revised Sheet No. 194

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4.3.10, 4.3.11, 4.3.12, 4.3.13, 4.3.14, 4.3.15, 4.3.16, 4.3.17, 4.3.18,  
4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.29,  
4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.37, 4.3.38,  
4.3.39, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47,  
4.3.48, 4.3.49, 4.3.50, 4.3.51, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.56,  
4.3.57, 4.3.58, 4.3.59, 4.3.60, 4.3.61, 4.3.62, 4.3.64, 4.3.65, 4.3.66,  
4.3.67, 4.3.68, 4.3.69, 4.3.70, 4.3.71, 4.3.72, 4.3.73, 4.3.74, 4.3.75,  
4.3.76, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.83, 4.3.84, 4.3.85,  
4.3.86, 4.3.87, 4.3.88; 2004 Annual Plan Item 2 (Order No. 2004 Standards);  
and 2005 Annual Plan Item 8 (May 3, 2005) (Affiliate Order Standards).

(f) CAPACITY RELEASE (Version 1.7): 5.1.2, 5.1.3, 5.1.4,  
5.2.1, 5.2.2, 5.2.3, 5.3.7, 5.3.9, 5.3.10, 5.3.12, 5.3.18, 5.3.20, 5.3.21,  
5.3.22, 5.3.23, 5.3.24, 5.3.29, 5.3.30, 5.3.31, 5.3.32, 5.3.33, 5.3.34,  
5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.43 and  
5.3.54.

34.2 (a) Canyon shall utilize the standardized datasets provided by the standards incorporated by reference in 18 C.F.R. Section 284.12. Canyon's implementation guide for the standardized data sets specifies Canyon's intended use, if any, of the data elements that are coded as "business conditional" (BC) and "mutually agreeable" (MA) for purposes of EDI. The implementation guide may be obtained by contacting the Website-Help Line (1-800-258-3278) and asking for the EDI coordinator.

(b) Canyon shall utilize the following data dictionary standards:

(1) NOMINATIONS RELATED STANDARDS (Version 1.7):  
1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6 and 1.4.7.

(2) FLOWING GAS RELATED STANDARDS (Version 1.7):  
2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10,  
2.4.11, 2.4.12, 2.4.13, 2.4.14, 2.4.15 and 2.4.16. 1/

(3) INVOICING RELATED STANDARDS (Version 1.7):  
3.4.1, 3.4.2, 3.4.3 and 3.4.4.

1/ With respect to Standards 2.4.11, 2.4.12, 2.4.13, 2.4.14, 2.4.15 and 2.4.16, Canyon supports the functions and procedures described therein, but on a manual rather than an automated basis.

Effective Date: 09/01/2005 Status: Effective

FERC Docket: RP05-419-000

**Original Sheet No. 194A** Original Sheet No. 194A : Effective

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(4) CAPACITY RELEASE RELATED STANDARDS (Version 1.7): 5.4.1, 5.4.2, 5.4.3, 5.4.4, 5.4.5, 5.4.6, 5.4.7, 5.4.8, 5.4.9, 5.4.10, 5.4.11, 5.4.12, 5.4.13, 5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.18, 5.4.19, 5.4.20, 5.4.21 and 5.4.22.

(c) Canyon shall utilize the Gas Industry Standards Board Trading Partner Agreement (Version 1.7, Standard 6.3.3).

34.3 Canyon's HTML page(s) required by Standard 4.3.6 is accessible via the Internet's World Wide Web at the following address:

<http://pipeline.kindermorgan.com>

Effective Date: 07/23/2001 Status: Effective

FERC Docket: RP01-460-000

Original Sheet No. 195 Original Sheet No. 195 : Effective

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35. NEGOTIATED RATES

35.1 PRECONDITIONS TO NEGOTIATED RATES

Rates to be charged by Canyon for service to any Shipper under Rate Schedule FCS or ICS may deviate in either form or level or both from the applicable maximum and/or minimum rate level in this Tariff, subject to the following provisions:

(a) Canyon and Shipper have executed a valid Agreement containing therein or in a related agreement a specific mutual understanding that Negotiated Rate(s) or a Negotiated Rate Formula will apply to service for that Shipper;

(b) At the time of execution of the Agreement (or the amendment to an Agreement), which first provides for the applicability to Shipper of the Negotiated Rate(s) or Negotiated Rate Formula, service was available pursuant to the terms and conditions (not modified by this Section 35) of Rate Schedule FCS or ICS of this Tariff, as applicable; and

(c) No later than the Business Day on which Canyon commences service at such Negotiated Rate(s) or Negotiated Rate Formula (or if the day on which Canyon commences service is not a Business Day, then no later than the next Business Day after Canyon commences service), Canyon will file a tariff sheet advising the Commission of such Negotiated Rate or Negotiated Rate Formula, stating the name of Shipper, the type of service, the Receipt and Delivery Point(s) applicable to the service, the volume of the gas to be transported, any other charges, and specifying either: (i) the specific Negotiated Rate included in such Agreement; or (ii) the Negotiated Rate Formula included in such Agreement with sufficient specificity such that the rate in effect from time to time can be readily calculated. The tariff sheet must also incorporate a statement that the Agreement does not deviate from the form of Service Agreement in any material respect.

35.2 CAPACITY ALLOCATION

(a) To the extent the revenue level pursuant to the Negotiated Rate(s) or Negotiated Rate Formula provided for in Section 35.1 above should exceed the revenue level at the Recourse Rate, the Shipper paying such Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula shall be treated, for all capacity

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allocation purposes, as if the rate(s) paid had been equal to the Recourse Rate. Any Shipper, existing or new, paying the Recourse Rate(s) has the same right to capacity as a Shipper willing to pay a higher Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula. If the Negotiated Rate or the rate under a Negotiated Rate Formula is higher than the corresponding Recourse Rate, the Recourse Rate rather than the Negotiated Rate will be used as the price cap for release capacity pursuant to Section 16.8 of these General Terms and Conditions and for the Right of First Refusal pursuant to Section 18.2 of these General Terms and Conditions. Where the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula results in revenue which is greater than the Recourse Rate during certain portions of the relevant evaluation period but less than the revenue at the Recourse Rate during other portions of the relevant evaluation period (but the revenue pursuant to the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula equals or exceeds that which would be generated at the Recourse Rate for the entire evaluation period), the value of bids and requests at the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula shall be evaluated as though the Recourse Rate applied under such bid or request for the entire evaluation period. Where the Negotiated Rate(s) or rate(s) under the Negotiated Rate Formula result in revenue which is less than revenue at the Recourse Rate over the relevant evaluation period, the value of the bids or requests at the Negotiated Rate(s) or rate(s) under the Negotiated Rate Formula shall be evaluated based on such lower revenue and shall be afforded a correspondingly lower priority than bids or requests at the Recourse Rate.

(b) In evaluating bids for firm service, in any capacity auction or in otherwise allocating capacity among competing requests for firm service where one or more bid is at a Negotiated Rate or Negotiated Rate Formula, Canyon will consider, in assigning value to such bid(s), only reservation or demand charge revenue or other revenue which is guaranteed to be received by Canyon (i.e., a minimum throughput condition or minimum bill). For capacity evaluation purposes, the net present value of any such bid for firm service shall be capped by the net present value of the maximum applicable reservation rate for such service over the contract term bid.

Effective Date: 07/23/2001 Status: Effective  
FERC Docket: RP01-460-000

**Original Sheet No. 197** Original Sheet No. 197 : Effective

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35.3 ACCOUNTING FOR COSTS AND REVENUES

The allocation of costs to and the recording of revenues from service at Negotiated Rate(s) will follow Canyon's normal practices associated with all of its services under this Tariff. Canyon will maintain separate records of Negotiated Rate and Negotiated Rate Formula transactions for each billing period. These records shall include the volumes transported; the billing determinants (contract MDQ), the rates charged and the revenue received associated with such transactions. Canyon will separately identify such transactions in Statements G, I and J (or their equivalent) filed in any general rate proceeding. Should Canyon institute a tariff provision to flow through on a current basis to its Shippers the impact of certain transportation transactions, the treatment of revenues from Negotiated Rate(s) or Negotiated Rate Formula(s) shall be specified in such provision.

35.4 CAPACITY RELEASE REVENUE

Canyon and Shipper may agree hereunder to a Negotiated Rate or Negotiated Rate Formula which includes payment obligations or crediting mechanisms in the event of a capacity release which vary from those set out in Section 16.13 of these General Terms and Conditions. Nothing in the foregoing sentence, however, shall authorize Canyon or Shipper to violate the Commission's policy with respect to the negotiation of terms and conditions of service.

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36. USE OF PENALTY FUNDS

All amounts collected by Canyon commencing November 1, 2001 for Unauthorized Overrun charges and amounts collected under the cash-out provision of this tariff shall be allocated and distributed to Canyon's customers. Any such charges for the period of November 1, 2001 through the end of the year 2001 shall be distributed within ninety (90) days after the end of 2001. For each subsequent year commencing 2002 the distribution shall be made within 90 days after the end of that year. Distribution shall be made as set out in this Section 36.

36.1 These amounts will first be used to compensate Canyon for any cash-out expenses and for any prudent and reasonable actual incremental costs it has incurred to alleviate the conditions which resulted in or were created by the unauthorized overrun. If these amounts are not adequate to reimburse Canyon for its cash-out expenses and costs, the unrecovered expenses and/or costs shall be carried forward to future years until recouped.

36.2 Any remaining amounts after the application of Section 36.1 shall be refunded to all Shippers, both firm and interruptible. The refund will be made in the form of a credit to billings wherever practicable. In calculating refunds, Canyon shall determine the penalty revenue for each month of the year net of costs and expenses under Section 36.1. For each month, such net amount shall be refunded pro rata, based on the total reservation and commodity charges paid that month, to all Shippers, excluding any Shipper which had an Unauthorized Overrun that month. The total annual refunds for any Shipper shall be the sum of the monthly refunds allocated to that Shipper. Where capacity has been released, amounts shall be distributed to the original Shipper, except in the case of a permanent release where amounts shall be distributed to the Replacement Shipper.

Effective Date: 07/01/2003 Status: Effective  
FERC Docket: RP02-356-003

**First Revised Sheet No. 199** First Revised Sheet No. 199 : Effective  
Superseding: Original Sheet No. 199

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37. COST OF SERVICE RATE MECHANISM

37.1 PURPOSE AND APPLICABILITY

The applicable rates for service under Rate Schedule FCS and Rate Schedule ICS are governed by this Section 37; provided that calculation of the rate adjustments under this Section 37 shall be performed in accordance with the Stipulation and Agreement (Settlement) filed with the Commission on March 2, 2003, in Docket No. RP02-356, and approved by the Commission on May 23, 2003, 103 FERC Paragraph 61,232, but the calculation of rate adjustments under this Section 37 shall only be subject to the Settlement during the term of the Settlement. Such rates are set forth on the currently effective Sheet No. 6 of this Tariff and shall be subject to semi-annual revision under this Section 37. Shipper's obligation to pay its monthly invoices reflecting rates consistent with this Section 37 is not subject to adjustment under any circumstances except as provided in Canyon's General Terms and Conditions.

37.2 DEFINITIONS

(a) "Semi-Annual COS Period" shall mean a six-month period commencing on June 1 or December 1, respectively.

(b) "Overall Rate of Return" shall mean 8.90%.

(c) "Depreciation Rate" shall mean an annual rate of 3.1%.

(d) "Plant AFUDC - Equity" shall mean an amount equal to \$538,078, subject to adjustment consistent with the Settlement.

37.3 RATE ADJUSTMENT

(a) The rates for Rate Schedules FCS and ICS shall be revised semi-annually effective each June 1 and December 1, commencing June 1, 2003. The revised rates shall be the sum of the Cost of Service Procedure rate calculation (Sections 37.4 through 37.6) and the Deferred Account rate calculation under Section 37.7.

(b) On or before each May 1 and November 1, Canyon shall make a filing with the FERC to place into effect the revised rates for the Semi-Annual COS Period commencing on the next following June 1 or December 1. Such filing shall set forth in reasonable detail the basis of determining such rates.

Effective Date: 07/01/2003 Status: Effective  
FERC Docket: RP02-356-003

**First Revised Sheet No. 200** First Revised Sheet No. 200 : Effective  
Superseding: Original Sheet No. 200

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37.4 COST OF SERVICE PROCEDURE

Canyon shall calculate the Cost of Service portion of the revised rates under Section 37.3 as follows:

(a) Canyon shall estimate the Semi-Annual Cost of Service and Rate Base for the six (6) month period that the revised rates are to be in effect. Canyon will use reasonable care in making such estimates, but shall have no liability for any inaccuracy therein.

(b) In making the estimates required by Section 37 hereof in respect of any Semi-Annual COS Period, Canyon shall take account of any increases or decreases in the quantities of gas to be received by Canyon for transportation and compression and any changes in cost factors which Canyon reasonably anticipates will occur in such Semi-Annual COS Period.

(c) In deriving the Cost of Service portion of the revised rates, the Semi-Annual Cost of Service calculated pursuant to this Section 37.4 and Section 37.5 below shall be divided by the quantity of gas estimated to be received by Canyon for transportation and compression, adjusted for estimated discounts, during the six (6) month period that the calculated Semi-Annual Cost of Service rates will be in effect.

37.5 COST OF SERVICE

Computations of Cost of Service under this Section 37 shall include the following items:

(a) Operation and Maintenance Expenses (Accounts 700 - 900), excluding all adjustments for traditional ratemaking purposes;

(b) Depreciation and Amortization - shall be computed as the product of one-half of the Depreciation Rate times the balance of Gas Plant in Service.

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FERC Docket: RP02-356-003

**First Revised Sheet No. 201** First Revised Sheet No. 201 : Effective  
Superseding: Original Sheet No. 201

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(c) Taxes Other Than Income (Account 408);

(d) Return on Rate Base - shall be computed by multiplying one-half of Canyon's Overall Rate of Return by the Rate Base calculated pursuant to Section 37.6 herein.

(e) Income Taxes - shall be calculated by multiplying one-half the sum of Return on Rate Base and the Tax Adjustment, by the Grossed-Up Tax Rate.

(i) Tax Adjustment shall mean the amount calculated by multiplying one-half of the Depreciation Rate by the Plant AFUDC - Equity.

(ii) Grossed-Up Tax Rate shall mean the factor equal to 0.515152 that results from dividing the corporate federal income tax rate of 34% by its reciprocal after-tax rate of 66%.

37.6 RATE BASE

The Rate Base shall be the sum of the balances for the following items.

(a) Gas Plant in Service (Accounts 101 - 106);

(b) Accumulated Depreciation and Amortization (Accounts 108 and 111);

(c) Working Capital, Materials & Supplies (Account 154) and Prepayments (Account 165);

(d) Accumulated Deferred Income Taxes (Accounts 190, 282 and 283, except non-rate base items);

(e) Regulatory Assets (Account 182.3, except ACA); and

(f) Regulatory Liabilities (Account 254, except SFAS 109 - Excess Deferred Income Taxes).

(g) The principal amount of the unamortized excess deferred income tax balance.

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37.7 COST OF SERVICE DEFERRED ACCOUNT

Canyon shall establish and maintain a current deferral sub-account Unrecovered COS Account in Other Regulatory Assets, Account 182.3.

(a) If Canyon's Cost of Service for any semi-annual COS Period shall be greater or less than that reflected in its rates hereunder for such semi-annual COS Period, and/or if Canyon's recoveries for any semi-annual COS Period are greater than or less than the Cost of Service underlying Canyon's rates for that COS Period, an amount equal to the difference shall be recorded in the current deferral sub-account for such semi-annual COS Period. The outstanding balance in the current deferral sub-account shall accumulate carrying charges each month in the manner and at the then current rate of interest on pipeline refunds established by the FERC. Any balance remaining in current deferral sub-account at the end of any six-month period shall be added to or deducted from the deferral sub-account for the next semi-annual COS Period.

(b) The accumulated current deferral subaccount balances of Account 182.3 may include the following:

(i) The monthly deferral of a dollar amount associated with Canyon's actual under- or over-recovered Cost of Service.

(ii) Adjustments to prior Semi-Annual COS Periods.

(iii) Transfers of any unamortized amounts remaining in a Semi-Annual COS Period deferral subaccount of Account No. 182.3 after the related amortization period has expired.

(iv) The Semi-Annual COS Period portion of all refunds or revenue credits, including out-of-period billing adjustments.

(v) Carrying charges on the current deferral and amortizing subaccounts.

(c) The amount to be included in the current deferral subaccounts shall be calculated as follows:

(i) Canyon shall determine the actual Rate Base and Cost of Service incurred for that Semi-Annual COS Period.

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(ii) Canyon shall then determine the amount of Cost of Service recovered, as follows: the amount of Cost of Service recovered shall be determined by totaling the Shippers' monthly invoices billed for basic transportation service during the relevant Semi-Annual Period. Basic transportation service rates are the rates on Sheet No. 6 for Rate Schedules FCS and ICS, exclusive of ACA surcharge, penalties and other charges.

(iii) The semi-annual Cost of Service deferral cost amount shall be determined by taking the difference between the dollar amounts derived in Section 37.7(c)(i) and Section 37.7(c)(ii), herein. The resulting amounts shall be reflected in Canyon's Semi-Annual COS Period current deferral account.

(iv) Canyon shall determine the semi-annual change in deferral associated with Cost of Service as follows:

(1) Canyon shall debit the Cost of Service current deferral account in the event the current six (6) months Cost of Service amounts (as defined in Section 37(d)(i)) exceed the total value of invoices billed Shippers for basic transportation and compression service during such period.

(2) Canyon shall credit the Cost of Service current deferral account in the event the current period Cost of Service amounts (as defined in Section 37(d)(i)) are less than the total value of invoices billed Shippers for basic transportation and compression service during such period.

(v) Canyon will assess carrying charges on the applicable Account No. 182.3, Cost of Service Deferral Account carrying charge base. The carrying charge shall be the product of the following:

(1) The carrying charge base shall be the prior period's balance in the applicable Cost of Service Deferral Account and an adjustment necessary to effectuate quarterly compounding of carrying charges.

(2) Canyon shall compute a semi-annual carrying charge rate utilizing the effective annual FERC approved interest rate prescribed in Section 154.501 of the FERC's Regulations. Such rate shall be expressed to the nearest one ten-thousandth of 1%.

(d) Canyon shall determine the Deferred Account element of the revised rates under Section 37.3 as follows:

Effective Date: 07/01/2002 Status: Effective

FERC Docket: RP02-356-000

**Original Sheet No. 204** Original Sheet No. 204 : Effective

GENERAL TERMS AND CONDITIONS  
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(i) Canyon shall use the most recent four (4) months of actual results recorded on its financial books and estimates for the subsequent two (2) months of projected activity to calculate the deferred balance for the COS Period ending immediately prior to the rate adjustment. Canyon will use reasonable care in making such estimates, but shall have no liability for any inaccuracy therein.

(ii) The deferred account balance calculated in Section 37.7(d)(i) shall be divided by the volumes determined pursuant to Section 37.4(c) to derive the deferred account portion of the revised rates.

*Effective Date: 07/01/2002 Status: Effective*

*FERC Docket: RP02-356-000*

**Sheet Nos. 205 - 299** Sheet Nos. 205 - 299 : Effective

Sheet Nos. 205 through 299 are reserved for future use.

*Effective Date: 12/01/1993 Status: Effective*

*FERC Docket: CP94-138-001*

**First Revised Sheet No. 300** First Revised Sheet No. 300 : Effective  
Superseding: Sheet Nos. 300 Through 307

NOTICE OF CANCELLATION  
OF  
SHEET NOS. 300 THROUGH 307  
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The following tariff sheets have been superseded:

Original Sheet Nos. 300 through 307

Effective Date: 12/01/1993 Status: Effective  
FERC Docket: RS92- 57-003

Original Sheet No. 301 Original Sheet No. 301 : Effective

SERVICE AGREEMENT  
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THIS AGREEMENT, made and entered into as of .....  
by CANYON CREEK COMPRESSION COMPANY (Canyon), a general partnership under  
the laws of Illinois, and .....  
(Shipper), a .....

W I T N E S S E T H :

WHEREAS, Shipper desires to have its gas transported by Canyon  
pursuant to Rate Schedules C and I of Canyon's Federal Energy Regulatory  
Commission (FERC) Gas Tariff;

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

ARTICLE I

INCORPORATION OF DOCUMENTS

1.1 DOCUMENTS INCORPORATED

Rate Schedules C and I and the General Terms and Conditions of  
Canyon's FERC Gas Tariff are hereby incorporated by reference into  
and made a part of this Agreement.

ARTICLE II

OBLIGATION TO TRANSPORT AND MAXIMUM DAILY VOLUMES

2.1 OBLIGATION TO TRANSPORT

Commencing with the date on which all facilities required are  
operational and all requisite regulatory authorizations have been  
received and accepted and continuing during the remaining term  
hereof, Canyon shall be obligated to receive on behalf of Shipper  
all volumes of gas which Shipper may deliver or may cause to be  
delivered to Canyon at the points of receipt hereunder shown on  
Exhibit A up to Shipper's currently effective Contract Demand and  
Canyon shall deliver to Shipper, or for its account, at the points  
of delivery hereunder Equivalent Volumes, in the manner and subject  
to the conditions hereinafter set forth.

SERVICE AGREEMENT  
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2.2 MAXIMUM DAILY VOLUMES

The maximum daily volumes shall be as set forth in Exhibit A attached hereto. Subject to Canyon's prior approval, the daily deliveries at any point of receipt may exceed such maximum daily volume.

ARTICLE III

POINTS OF RECEIPT AND DELIVERY

3.1 POINTS OF RECEIPT

The points of receipt by Canyon hereunder shall be those specified on Exhibit A and shall include such other point or points of receipt which the parties mutually agree in writing to add to this Agreement from time to time.

3.2 POINTS OF DELIVERY

The points of delivery to Shipper hereunder shall be those specified on Exhibit A and shall include such point or points of delivery to which the parties mutually agree in writing to add to this Agreement from time to time.

ARTICLE IV

PRESSURE

4.1 PRESSURE AT THE POINTS OF RECEIPT

Shipper shall deliver or cause the gas to be delivered at each point of receipt at a pressure sufficient to allow the gas to enter the System, provided Shipper shall not, except by mutual written agreement, be required or permitted to deliver the gas at any point of receipt at a pressure in excess of the maximum delivery pressure as specified for such point of receipt in Exhibit A.

Effective Date: 12/01/1993 Status: Effective  
FERC Docket: RS92- 57-003

**Original Sheet No. 303** Original Sheet No. 303 : Effective

SERVICE AGREEMENT  
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4.2 PRESSURE AT POINT OF DELIVERY

Canyon shall cause the gas to be delivered at the point of delivery hereunder at such uniform pressures as may be available in Canyon's System at such point of delivery. Canyon shall not be obligated to deliver gas at a pressure greater than the delivery pressure as specified for such point of delivery in Exhibit A.

ARTICLE V

RATES

5.1 TRANSPORTATION CHARGE

Shipper agrees to pay Canyon an amount each month equal to the sum of the applicable charges determined under Canyon's FERC Gas Tariff.

Canyon may file with the FERC such adjustments in rates and terms of service as it may deem proper.

Canyon and Shipper agree for their mutual benefit and for the benefit of any financial institutions which are now or which may hereafter become lenders to Canyon in connection with the financing of the pipeline, that neither Canyon nor Shipper will initiate any legal or administrative action to diminish, alter, change, or abrogate Shipper's obligation to pay the minimum bill designed to recover on a current basis Canyon's operating and maintenance expenses, all interest expenses, the debt-related portion of depreciation, and taxes other than income, or which seeks, or may reasonably be expected to, rescind, terminate or suspend or amend, supplement or modify this Service Agreement in a manner which may adversely affect the rights or interests of such lenders.

Effective Date: 12/01/1993 Status: Effective  
FERC Docket: RS92- 57-003

Original Sheet No. 304 Original Sheet No. 304 : Effective

SERVICE AGREEMENT  
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ARTICLE VI

TERM

6.1 TERM

This Agreement shall be effective on the date hereof and shall remain in full force and effect until .....  
This Agreement shall continue in effect after said date and from year to year thereafter unless cancelled by either of the parties hereto upon twelve (12) months' written notice to the other.

ARTICLE VII

NOTICES

7.1 NOTICES

Except as herein otherwise provided, any notice, request, demand, statement, bill, or payment provided for in this Agreement, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as duly delivered or furnished when mailed by registered or certified mail return receipt requested or when transmitted in the most timely manner available and appropriate to the Post Office address of the parties hereto as follows:

CANYON  
-----

.....  
.....  
.....

SHIPPER  
-----

.....  
.....  
.....

SERVICE AGREEMENT  
-----

or such other address as either of the parties hereunder shall designate by formal written notice. Routine communications, including monthly statements and payments, shall be considered as duly delivered or furnished three (3) days after being mailed by registered certified mail return receipt requested or when transmitted in the most timely manner available and appropriate.

ARTICLE VIII

LAWS AND REGULATION

8.1 LAWS AND REGULATION

This Agreement is subject to all valid legislation with respect to the subject matter hereof, either state or federal, and to all valid present and future decisions, orders, rules and regulations of all duly constituted governmental authorities having jurisdiction, including (without limitation) Commission Opinion Nos. 138 and 138-A in Docket No. CP79-80, and nothing in this Agreement shall, or is intended to, restrict, enlarge or affect in any other way the jurisdiction of the Commission over the subject matter hereof.

ARTICLE IX

MISCELLANEOUS

9.1 HEADINGS

The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

9.2 APPLICABLE LAW

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Illinois.

9.3 COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

Effective Date: 12/01/1993 Status: Effective  
FERC Docket: RS92- 57-003

**Original Sheet No. 306** Original Sheet No. 306 : Effective

SERVICE AGREEMENT  
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9.4 CANCELLATION OF PRIOR AGREEMENT

This Agreement supersedes, cancels and terminates, as of the date this Service Agreement has been accepted and placed in effect by the FERC under terms and conditions acceptable to the parties, the Service Agreement between Canyon and Shipper dated .....  
.....

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed in counterparts by their duly authorized officers.

CANYON:  
Canyon Creek Compression Company

By: .....

SHIPPER:  
.....

By: .....

Effective Date: 12/01/1993 Status: Effective  
 FERC Docket: RS92- 57-003

Original Sheet No. 307 Original Sheet No. 307 : Effective

EXHIBIT A

SERVICE AGREEMENT  
 BETWEEN  
 CANYON CREEK COMPRESSION COMPANY  
 AND

.....

A. MAXIMUM DAILY VOLUMES BY DELIVERY POINT

	Location of Receipt Point -----	Delivery Pressure (psig) -----	Maximum Daily Volumes (Mcf/d) 1/ -----
Points of Receipt	.....	.....	.....
	.....	.....	.....
	.....	.....	.....
	.....	.....	.....

	Location of Delivery Point -----	Delivery Pressure (psig) -----	Maximum Daily Volumes (Mcf/d) 1/ -----
Points of Delivery	.....	.....	.....
	.....	.....	.....
	.....	.....	.....
	.....	.....	.....

B. CONTRACT DEMAND

Canyon shall not be obligated to receive total volumes at all points of receipt in excess of ..... Mcf/d on any day.

-----

1/ Maximum Daily Volumes, in the aggregate, are not to exceed the Contract Demand multiplied by 1.1, and the Maximum Daily Volume shall not exceed the Contract Demand at any point of receipt.



Effective Date: 09/24/2001 Status: Effective  
FERC Docket: RP01-515-000

**Fifth Revised Sheet No. 309** Fifth Revised Sheet No. 309 : Effective  
Superseding: Fourth Revised Sheet No. 309

EXHIBIT A  
DATED .....

Company:

Contract No.:

Receipt Point(s):

Delivery Pressure:

Name / Location	County/Parish Area	State	PIN No.	MDQ (Dth)
PRIMARY RECEIPT POINT(S):				
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
SECONDARY RECEIPT POINT(S):				
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....

Receipt Pressure, Assumed Atmospheric Pressure  
-----

Natural gas to be delivered to Canyon at the Receipt Point(s) shall be at a delivery pressure sufficient to enter Canyon's pipeline facilities at the pressure maintained from time to time, but Shipper shall not deliver gas at a pressure in excess of the Maximum Allowable Operating Pressure (MAOP) stated for each Receipt Point in Canyon's Catalog of Points. The measuring party shall use or cause to be used an assumed atmospheric pressure corresponding to the elevation at such Receipt Point(s).

Rates  
-----

Except as provided to the contrary in any written agreement(s) between the parties in effect during the term hereof, Shipper shall pay Canyon the applicable maximum rate(s) and all other lawful charges as specified in Canyon's applicable rate schedule. Shipper and Canyon may agree that Shipper shall pay a rate other than the applicable maximum rate so long as such rate is between the applicable maximum and minimum rates specified for such service in the Tariff. Canyon and Shipper may agree that a specific discounted rate will apply only to certain volumes under the agreement. The parties may agree that a specified discounted rate will apply only to specified volumes (MDQ or commodity volumes) under the agreement; that a specified discounted rate will apply only if specified volumes are achieved or only if the volumes do not exceed a specified level; that a specified discounted rate will apply only during specified periods of the year or for a specifically defined period; that a discounted rate shall not apply to Access Requests received after a specified time in the nomination cycle; that a specified discounted rate will apply only to specified points, zones or other defined geographical area(s); and/or that a specified discounted rate(s) will apply in a specified relationship to the volumes actually transported (i.e., that the reservation charge will be adjusted in a specified relationship to volumes actually transported). Notwithstanding the foregoing, no discount agreement may provide that an agreed discount as to a certain volume level will be invalidated if the Shipper transports an incremental volume above that agreed level. In addition, the discount Agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds

the applicable maximum rate due to a change in Canyon's maximum rates so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components may be adjusted upward

Effective Date: 09/24/2001 Status: Effective  
FERC Docket: RP01-515-000

**Original Sheet No. 309A** Original Sheet No. 309A : Effective

EXHIBIT A  
DATED .....  
(CON'T)

to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sheets. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable. If the parties agree upon a rate other than the applicable maximum rate, such written Agreement(s) shall specify that the parties mutually agree either: (1) that the agreed rate is a discount rate; or (2) that the agreed rate is a Negotiated Rate (or Negotiated Rate Formula). In the event that the parties agree upon a Negotiated Rate or Negotiated Rate Formula, this Agreement shall be subject to Section 35 of these General Terms and Conditions of Canyon's Tariff.

Fuel Gas and Unaccounted For Gas Percentage (%)  
-----

Shipper will be assessed the applicable percentage for Fuel Gas and Unaccounted For Gas unless Canyon and Shipper mutually agree on monetary reimbursement.

Effective Date: 05/01/1997 Status: Effective  
FERC Docket: RP97- 66-002

**Third Revised Sheet No. 310** Third Revised Sheet No. 310 : Effective  
Superseding: Second Revised Sheet No. 310

EXHIBIT B  
DATED .....

Company:

Contract No.:

Delivery Point(s):

Name / Location	PIN No.	MDQ (Dth)
-----		
PRIMARY DELIVERY POINT(S):		
1. ....	.....	.....
.....		
.....		
.....		
SECONDARY DELIVERY POINT(S):		
2. ....	.....	.....
.....		
.....		
.....		

Delivery Pressure, Assumed Atmospheric Pressure  
-----

Natural gas to be delivered by Canyon to Shipper, or for Shipper's account, at the Delivery Point(s) shall be at the pressures available in Canyon's pipeline facilities from time to time. The measuring party shall use or cause to be used an assumed atmospheric pressure corresponding to the elevation at such Delivery Point(s).

*Effective Date: 12/01/1993 Status: Effective*

*FERC Docket: RS92- 57-003*

**Sheet Nos. 311 - 399** Sheet Nos. 311 - 399 : Effective

Sheet Nos. 311 through 399  
are being reserved for  
future use.

*Effective Date: 12/01/1993 Status: Effective*

*FERC Docket: CP94-138-001*

**First Revised Sheet No. 400** First Revised Sheet No. 400 : Effective  
Superseding: Original Sheet No. 400

NOTICE OF CANCELLATION  
OF  
SHEET NO. 400  
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The following tariff sheet has been superseded:

Original Sheet No. 400

