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Effective Date: 03/17/2002 Status: Effective

FERC Docket: CP01- 94-003

Original Sheet No. 0 Nornew Energy Supply, Inc.: Original Volume No. 1
Original Sheet No. 0 : Superseded

FERC GAS TARIFF
ORIGINAL VOLUME NO. 1
OF
NORNEW ENERGY SUPPLY, INC.
FILED WITH THE
FEDERAL ENERGY REGULATORY COMMISSION
COMMUNICATIONS CONCERNING THIS TARIFF
SHOULD BE SENT TO:

OIVIND RISBERG
PRESIDENT
NORNEW ENERGY SUPPLY, INC.
2500 TANGLEWILDE
SUITE 250
HOUSTON, TX 77063-2124
(713) 975-1900 (phone)
(713) 975-0221 (fax)

Effective Date: 10/26/2007 Status: Effective
FERC Docket: CP07-393-001

First Revised Sheet No. 1 First Revised Sheet No. 1 : Effective
Superseding: Original Sheet No. 1

NOTICE IS HEREBY GIVEN THAT EFFECTIVE OCTOBER 26, 2007, THE FERC GAS TARIFF OF NORNEW ENERGY SUPPLY, INC.
IS TO
BE CANCELLED

Effective Date: 03/17/2002 Status: Effective

FERC Docket: CP01- 94-003

Original Sheet No. 2 Original Sheet No. 2 : Superseded

PRELIMINARY STATEMENT

Nornew Energy Supply, Inc., a New York corporation, owns and operates under a certificate of public convenience and necessity a natural gas pipeline system, located in the state of New York. Nornew Energy Supply, Inc. is engaged in the transportation of natural gas in interstate commerce.

The locations of the Company's transmission line and the point at which it delivers gas are shown on the System Map on the following page.

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Original Sheet No. 3 Original Sheet No. 3 : Superseded

SYSTEM MAP

Effective Date: 03/17/2002 Status: Effective
FERC Docket: CP01-94-003

Original Sheet No. 4 Original Sheet No. 4 : Superseded

NOTICE OF RATES
(Rates Per Dekatherm)

	Base Tariff Rate	ACA Adj.	Total Rates
Rate Schedule FT			
Monthly Reservation Rates	Max: \$5.18 Min: \$0.00		
Usage Rates 1/ 2/			
	Max: \$0.0000 Min: \$0.0000		
Authorized Overrun Rate 2/			
	Max: \$0.1703 Min: \$0.0000		
Rate Schedule IT			
Usage Rates 2/	Max: \$0.1703 Min: \$0.0000		

1/ The maximum Volumetric Firm Rate for Capacity Release is \$0.1703.

2/ The applicable fuel retention percentage is 1%.

Effective Date: 03/17/2002 Status: Effective
FERC Docket: CP01-94-003

Original Sheet No. 4A Original Sheet No. 4A : Superseded

Jamestown BPU FT Jamestown, NY	\$56,508/month*	2,200,000 Dth	Mayville, NY
	\$.19/Dth for each Dth in excess of 2,200,000 Dth/year	per year with option for 3,000,000 Dth per year	

* Negotiated Rate is inclusive of all charges, including shrinkage, losses, and fuel.

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FERC Docket: CP01-94-003

Original Sheet No. 5 Original Sheet No. 5 : Superseded

FT RATE SCHEDULE
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on a firm basis by Nornew Energy Supply, Inc. (hereinafter called "Transporter") for any Shipper:

(a) that completes a valid request for service and executes a Firm Transportation Agreement ("FT Agreement"), wherein Transporter agrees to transport and deliver at designated delivery points on behalf of Shipper, natural gas up to a specified volume, which will be designated as the Transportation Quantity. Each FT Agreement will specify the Primary Receipt and Delivery Points available for use under the FT Agreement and the Maximum Daily Quantity ("MDQ") at each Primary Delivery and Receipt Point; and

(b) provided that uncommitted firm capacity is available on all portions of Transporter's system necessary to provide the service.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 The service rendered shall be the transportation of natural gas up to the maximum daily entitlement ("Transportation Quantity") set out in the FT Agreement performed under Subparts B and G of Part 284 of the Commission's Regulations. Firm transportation service under this Rate Schedule shall be provided, to the extent Transporter determines firm capacity is available, to any Shipper in the order in which each Shipper has fulfilled the requirements of Section 5 of the General Terms and Conditions of Transporter's Tariff; provided, however, Transporter shall not commence service until Transporter and Shipper have executed an FT Agreement. Transporter shall not be required to install, operate or maintain any additional facilities in order to provide transportation service under this Rate Schedule except as provided in Section 4.2. If Transporter installs, operates, or agrees to maintain additional facilities in order to provide transportation service, such facilities and or maintenance obligations may be listed in an exhibit to Shipper's FT Agreement.

2.2 Service shall be provided on a firm basis. However, service may be curtailed pursuant to Section 9.4 of Transporter's General Terms and Conditions or whenever necessary to maintain gas quality or the integrity of Transporter's system.

FT RATE SCHEDULE
FIRM TRANSPORTATION SERVICE

3. DELIVERIES AND RECEIPTS

3.1 Receipt Points: The Primary Receipt Point(s) for all gas transported by Transporter under this Rate Schedule shall be at the mutually agreeable interconnection(s) between Transporter's system and the connecting facilities shown on Exhibit A to the FT Agreement. Transporter shall not be required under any circumstances to receive gas at any Primary Receipt Point where (1) the total quantity of gas scheduled for receipt on any day is less than that required for the accurate measurement of quantities to be received or (2) Shipper has failed to make and properly implement all necessary arrangements on upstream pipelines. The total quantity specified at all of Shipper's Primary Receipt Point(s) must equal the Transportation Quantity stated in the FT Agreement.

3.2 Delivery Points: The Primary Delivery Point(s) for all gas transported by Transporter under this Rate Schedule shall be at the mutually agreeable interconnection(s) between Transporter's system and the facilities shown on Exhibit A to the FT Agreement. Transporter shall not be required under any circumstances to deliver gas at any Primary Delivery Point where (1) the total quantity of gas scheduled for delivery on any day is less than that required for the accurate measurement of quantities to be delivered or (2) Shipper has failed to make and properly implement all necessary arrangements on downstream pipelines. The total quantity specified at all of Shipper's Primary Delivery Point(s) must equal the Transportation Quantity stated in the FT Agreement, less Retainage, if any.

3.3 Changing Primary Receipt and Primary Delivery Points: Subject to availability of firm capacity, Shipper may change the Primary Receipt or Primary Delivery Points under its FT Agreement (including redistributing the MDQ among points) by an amendment of Exhibit A to the FT Agreement. Such amendment shall be reflected in an executed revision of Exhibit A submitted to Transporter by the twentieth of the month preceding the month for which the change is desired. Primary Receipt and Primary Delivery Point amendments pursuant to this section shall be given priority over all interruptible service requested through such points. Shipper shall lose its priority at previously designated Primary Receipt and Primary Delivery Points to the extent that the amendment reduces the MDQ at any such point.

FT RATE SCHEDULE
FIRM TRANSPORTATION SERVICE

3.4 Secondary Receipt and Secondary Delivery Points: Shipper may use as a secondary receipt or delivery point any other receipt or delivery point on Transporter's system by notifying Transporter in Shipper's nomination. A Shipper may also use a Primary Receipt or Primary Delivery Point as a secondary point to the extent that Shipper nominates quantities at the Primary Point in excess of the Shipper's MDQ for that Primary Point, but less than or equal to the Transportation Quantity under the FT Agreement. A firm shipper's rights to use a secondary receipt or delivery point shall be superior to all interruptible shippers' use of that point, but inferior to the rights of all firm shippers using that point as a Primary Delivery or Primary Receipt Point. Shipper's total receipts or deliveries on any day shall not exceed the Transportation Quantity stated in the FT Agreement (as adjusted for Retainage, if any), and, if the capacity at a secondary receipt or delivery point is insufficient to serve all shippers requesting the point, the receipt or delivery quantities for that point shall be allocated in accordance with Section 9 of the General Terms and Conditions.

4. RATES AND CHARGES

4.1 Transportation Rates: The applicable rates for service under this FT Rate Schedule are the applicable maximum Reservation and Usage Rates shown on the effective Tariff Sheet No. 4; provided, however, Transporter has the right at any time and from time to time to adjust the Reservation and Usage Rates applicable to any service upon notice to Shipper to any level not less than the minimum nor more than the maximum Reservation and Usage Rates established for this Rate Schedule and set forth on the effective Tariff Sheet No. 4. In the event Transporter and Shipper agree to establish a fixed rate to be charged for the duration of the transportation service, said rate will be set forth in the applicable FT Agreement. In the event that Transporter interrupts or curtails service for any reason, other than Operational Flow Orders and events of force majeure as described in Sections 8 and 15 respectively of Transporter's General Terms and Conditions, and Shipper has previously paid for such service, Transporter shall credit to Shipper's next monthly bill an amount equal to the daily reservation charge multiplied by the number of days of interruption or curtailment.

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FERC Docket: CP01- 94-003

Original Sheet No. 8 Original Sheet No. 8 : Superseded

FT RATE SCHEDULE
FIRM TRANSPORTATION SERVICE

4.2 New Facilities: In addition to the charges pursuant to Section 4.1 of this Rate Schedule, if Transporter agrees to construct facilities for service requested by Shipper, Transporter shall charge Shipper an amount to advance 100% of the estimated cost (including a gross-up for the income tax effects of reimbursement) of facilities constructed at the Shipper's request in order to provide transportation service under this Rate Schedule. Further, Transporter shall charge Shipper an amount to advance 100% of the estimated costs (including a gross-up for the income tax effects of reimbursement) to be incurred by Transporter for appurtenant facilities and equipment, including but not limited to electronic custody transfer equipment, metering facilities, gravimeters, calorimeters, flow controllers or other measurement or metering facilities. Such estimated advance payments shall be subject to true-up to actual costs incurred by Transporter for the construction of transportation and appurtenant facilities within 30 days following completion of construction of such facilities.

4.3 Incidental Charges: In addition to the charges pursuant to Sections 4.1 and 4.2 of this Rate Schedule, subject to Commission approval, Transporter may charge Shipper an amount to reimburse Transporter 100% for any filing or similar fees and, if applicable, sales or use tax that have not been previously paid by Shipper, which Transporter incurs in establishing or rendering service.

4.4 Authorized Overrun Charge: If Shipper, upon receiving the advance approval of Transporter, should on any day take under this Rate Schedule a quantity of natural gas in excess of that which Shipper is authorized to take under Shipper's FT Agreement, then such quantity shall constitute an authorized overrun quantity. All Shipper requests for Authorized Overruns must be nominated via facsimile to Transporter. For all such authorized overrun volumes, Shipper shall pay Transporter a rate equal to the volumetric derivative of the maximum FT rate designed on a 100% load factor basis times the excess quantities delivered to Shipper, unless the parties mutually agree otherwise.

4.5 Annual Charge Adjustment (ACA Adj.): Transporter shall adjust the rates for funding services from time to time to reflect the annual charge assessed Transporter by the Federal Energy Regulatory Commission pursuant to Order No. 472 or any other superseding or related rule or order.

FT RATE SCHEDULE
FIRM TRANSPORTATION SERVICE

4.6 Fuel and Losses: Shipper shall furnish the quantity of gas required for fuel and losses associated with Transporter's provision of transportation service pursuant to this Rate Schedule. The quantity of gas retained by Transporter for fuel and losses shall be equal to:
(i) the quantity of gas scheduled for delivery to Transporter, multiplied by
(ii) the applicable percentage shown in the Notice of Rates in Transporter's effective FERC Gas Tariff.

4.7 Negotiated Rates: Notwithstanding any provision of Transporter's effective FERC Gas Tariff to the contrary, Transporter and Shipper may mutually agree in writing to rates, rate components, charges or credits for service under this Rate Schedule that differ from those rates, rate components, charges or credits that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of Transporter's effective FERC Gas Tariff. If Transporter agrees to such differing rates, rate components, charges or credits ("Negotiated Rates") then the Negotiated Rate(s) shall be effective only for the period agreed upon by Transporter. During such period, the Negotiated Rate shall govern and apply to the Shipper's service and the otherwise applicable rate, rate component, charge or credit, which the parties have agreed to replace with the Negotiated Rate, shall not apply to, or be available to, the Shipper. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to Shipper. Only those rates, rate components, charges or credits identified by Transporter and Shipper in writing as being superseded by a Negotiated Rate shall be ineffective during the period that the Negotiated Rate is effective; all other rates, rate components, charges or credits prescribed, required, established or imposed by this Rate Schedule or Transporter's Tariff shall remain in effect. Transporter shall make any filings at the FERC necessary to effectuate a Negotiated Rate. Transporter shall distinguish negotiated rate agreements from recourse or discount rate agreements. The rules for the use and nondiscriminatory application of non-conforming negotiated rates are set forth in Article 27 of the General Terms and Conditions of this Tariff.

4.8 IT Revenue Credits: Transporter shall credit to recourse rate Shippers paying the maximum applicable FT rate set forth on Original Sheet No. 4 of this Tariff 100% of the revenues received from Shippers under the IT Rate Schedule (pro rata based upon the ratio of Shipper's transportation quantity during the penalty month to the total system throughput during the penalty month). If Transporter has no Shippers paying the maximum applicable FT rate set forth on Original Sheet No. 4 of this Tariff, Transporter shall retain such IT

revenues.

FT RATE SCHEDULE
FIRM TRANSPORTATION SERVICE

4.9 Requests for Discounts: (a) A non-negotiated rate Shipper with a contract discount may request that such discount apply at a secondary point of receipt or delivery. There is a rebuttable presumption that the Shipper will retain its discount for Transportation utilizing such point if Transporter grants discounts to others receiving Transportation service utilizing that point. However, Transporter can rebut this presumption by demonstrating that the service to the Shipper at such secondary point is not similarly situated to other transportation services receiving a discount at such point. If Shipper receives a discount for Transportation utilizing the secondary point, Shipper shall pay the higher of its contractual rate or the discount rate being offered at the point; and (b) On any Business Day, a Shipper with an existing contractual discount may request the use of such discount at a secondary point. The discount request must be submitted at least two hours prior to the nomination that would use the discount at the alternate point. Transporter shall respond to the request within two hours of receipt; however, any request received after 6:00 p.m. CCT shall be responded to by 8:30 a.m. CCT on the following Business Day.

5. MONTHLY BILL

The Monthly Bill for service shall be equal to:

(a) Reservation Charge: A reservation rate determined under Section 4.1 of this Rate Schedule multiplied by the Transportation Quantity as specified in the FT Agreement;

(b) Usage Charge: The applicable Usage Rate(s) under Section 4.1 of this Rate Schedule multiplied by the dekatherms of natural gas transported and delivered in the month pursuant to this Rate Schedule; and

(c) If applicable, any other charges pursuant to Section 4 of this Rate Schedule.

6. WAIVER

Transporter may waive any rights hereunder or any obligations of Shipper hereunder on a basis that 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.

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Original Sheet No. 11 Original Sheet No. 11 : Superseded

FT RATE SCHEDULE
FIRM TRANSPORTATION SERVICE

7. GENERAL TERMS AND CONDITIONS

7.1 Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter by regulation, rule, and/or order by any duly authorized agency. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with the General Terms and Conditions of Transporter's Tariff, which are incorporated into this Rate Schedule.

7.2 In the event of a conflict between the provisions of this Rate Schedule and Transporter's General Terms and Conditions, the provisions of Transporter's General Terms and Conditions shall govern.

IT RATE SCHEDULE
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule is available for the transportation of natural gas on an interruptible basis by Nornew Energy Supply, Inc. (hereinafter called Transporter) to any Shipper: (a) that makes a valid request for interruptible service and executes an Interruptible Transportation Agreement ("IT Agreement"); and (b) to the extent that interruptible capacity is available on Transporter's system from time to time for the receipt of gas by Transporter and the redelivery by Transporter for the account of Shipper.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 The service rendered shall be the transportation of natural gas up to the Maximum Interruptible Quantity ("MIQ") set out in the IT Agreement performed under Subparts B and G of Part 284 of the Commission's Regulations subject to the availability of capacity sufficient to provide the service without detriment or disadvantage to Transporter's firm transportation customers.

2.2 Service shall be on an interruptible basis. Interruption of service includes decreasing, suspending, or discontinuing either the receipt or delivery of gas. Interruption and availability of interruptible capacity shall be in accord with Section 9 of the General Terms and Conditions.

2.3 Transporter shall not be required to install, operate or maintain any additional facilities in order to provide transportation service under this Rate Schedule, except as provided in Section 4.2. If Transporter installs, operates, or agrees to maintain additional facilities in order to provide transportation service, such facilities and or maintenance obligations may be listed in an exhibit to Shipper's IT Agreement.

IT RATE SCHEDULE
INTERRUPTIBLE TRANSPORTATION SERVICE

3. DELIVERIES AND RECEIPTS

3.1 Receipt Points: All receipt points on Transporter's system shall be available as receipt points for gas transported under this Rate Schedule. Transporter shall not be required under any circumstances to receive gas at any receipt point where (1) the total quantity of gas scheduled for receipt on any day is less than that required for the accurate measurement of quantities to be received or (2) Shipper has failed to make and properly implement all necessary upstream arrangements on upstream pipelines.

3.2 Delivery Points:

(a) All delivery points on Transporter's system shall be available as delivery points for gas transported under this Rate Schedule.

(b) Transporter shall not be required under any circumstances to deliver gas at any delivery point where (1) the total quantity of gas scheduled for delivery on any day is less than that required for the accurate measurement of quantities to be delivered or (2) Shipper has failed to make and properly implement all necessary upstream arrangements on upstream pipelines.

4. RATES AND CHARGES

4.1 Transportation Rates: The Transportation Rate is the maximum IT rate shown on the effective Tariff Sheet No. 4, unless otherwise mutually agreed; provided, however, Transporter has the right at any time and from time to time to adjust the rate applicable to any transportation service upon notice to Shipper to any level not less than the minimum nor more than the maximum rates established for this Rate Schedule and set forth on the effective Tariff Sheet No. 4. In the event Transporter and Shipper agree to establish a rate that is not subject to change and that is to be charged for the duration of the transportation service, said rate will be set forth in the applicable IT Agreement.

4.2 New Facilities: In addition to the charges pursuant to Section 4.1 of this Rate Schedule, if Transporter agrees to construct facilities for service requested by Shipper, Transporter shall charge Shipper an amount to advance 100% of the estimated cost (including a gross-up for the income tax effects of reimbursement) of facilities constructed at the Shipper's request in order to provide transportation service under this Rate Schedule. Further, Transporter shall charge Shipper an amount to advance 100% of the estimated costs (including a gross-up for the income tax effects of reimbursement) to be incurred by Transporter for appurtenant facilities and equipment, including but not limited to electronic custody transfer equipment, metering facilities, gravimeters, calorimeters, flow controllers or other measurement or

IT RATE SCHEDULE
INTERRUPTIBLE TRANSPORTATION SERVICE

metering facilities. Such estimated advance payments shall be subject to true-up to actual costs incurred by Transporter for the construction of transportation and appurtenant facilities within 30 days following completion of construction of such facilities.

4.3 Incidental Charges: In addition to the charges pursuant to Section 4.1 and 4.2 of this Rate Schedule, Transporter shall charge Shipper an amount to reimburse Transporter 100% for any filing or similar fees and, if applicable, sales or use tax that have not been previously paid by Shipper, that Transporter incurs in establishing or rendering service.

4.4 Fuel and Losses: Shipper shall furnish the quantity of gas required for fuel and losses associated with Transporter's provision of transportation service pursuant to this Rate Schedule. The quantity of gas retained by Transporter for fuel and losses shall be equal to:
(i) the quantity of gas scheduled for delivery to Transporter, multiplied by
(ii) the applicable percentage shown in the Notice of Rates in Transporter's effective FERC Gas Tariff.

4.5 Notwithstanding any provision of Transporter's effective FERC Gas Tariff to the contrary, Transporter and Shipper may mutually agree in writing to rates, rate components, charges or credits for service under this Rate Schedule that differ from those rates, rate components, charges or credits that are prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of Transporter's effective FERC Gas Tariff. If Transporter agrees to such differing rates, rate components, charges or credits ("Negotiated Rates"), then the Negotiated Rate(s) shall be effective only for the period agreed upon by Transporter. During such period, the Negotiated Rate shall govern and apply to the Shipper's service and the otherwise applicable rate, rate component, charge or credit, which the parties have agreed to replace with the Negotiated Rate, shall not apply to, or be available to, the Shipper. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to Shipper. Only those rates, rate components, charges or credits identified by Transporter and Shipper in writing as being superseded by a Negotiated Rate shall be ineffective during the period that the Negotiated rate is effective; all other rates, rate components, charges or credits prescribed, required, established or imposed by this Rate Schedule or Transporter's Tariff shall remain in effect. Transporter shall make any filings at the FERC necessary to effectuate a Negotiated Rate. Transporter shall distinguish negotiated rate agreements from recourse or discount rate agreements. The rules for the use and nondiscriminatory application of non-conforming

negotiated rates are
set forth in Article 27 of the General Terms and Conditions of this Tariff.

IT RATE SCHEDULE
INTERRUPTIBLE TRANSPORTATION SERVICE

5. SCHEDULING AND CURTAILMENT

Transporter shall schedule interruptible transportation according to the IT rate paid by Shippers each month, scheduling IT service at higher rates ahead of IT service at lower rates. The foregoing notwithstanding, if an IT Shipper was flowing gas under its IT Agreement during the previous month, such Shipper will be notified prior to the start of the month of delivery if its current IT nomination cannot be scheduled due to price, and given an opportunity to offer a price that will enable its IT nomination to be scheduled. IT Shippers paying the same rate shall be scheduled pro rata based on Scheduled Quantities.

6. MONTHLY BILL

The Monthly Bill for service shall equal:

(a) The applicable IT Rate multiplied by the dekatherms of natural gas transported and delivered by Transporter for Shipper in the month pursuant to this Rate Schedule; and

(b) If applicable, any other charges pursuant to Section 4 of this Rate Schedule.

7. WAIVER

Transporter may waive any rights hereunder or any obligations of Shipper hereunder on a basis that 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.

8. GENERAL TERMS AND CONDITIONS

8.1 Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter by regulation, rule, and/or order by any duly authorized agency. Furthermore, any terms or conditions not specified in this Rate Schedule shall be determined consistent with the General Terms and Conditions of Transporter's Tariff, which are incorporated into this Rate Schedule.

8.2 In the event of a conflict between the provisions of this Rate Schedule and Transporter's General Terms and Conditions, the provisions of Transporter's General Terms and Conditions shall govern.

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GENERAL TERMS AND CONDITIONS

1. DEFINITION OF TERMS The following terms when used in this Tariff and in any service agreement shall be construed to have the following meanings:

1.1 The term "Bidder" shall mean any person that submits a bid for released transportation capacity pursuant to the terms of Section 11 of Transporter's General Terms and Conditions.

1.2 The term "British thermal unit" or "Btu" shall mean the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at a standard pressure of 14.73 dry psia at 60 degrees Fahrenheit (101.325 kPa and 15 degrees C, and dry). (The reporting basis for gigacalorie is 1.035646 Kg/cm and 15.6 degrees C and dry.)

1.3 The term "Business Day" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S., and similar holidays for transactions occurring in Canada and Mexico.

1.4 The term "Central Clock Time" and "CCT" shall mean Central Daylight Time when daylight savings time is in effect and Central Standard Time when daylight savings time is not in effect.

1.5 The term "Confirmation" shall mean a communication that reflects the quantity of gas to be received or delivered on behalf of each Shipper at a receipt or delivery point.

1.6 The term "cubic foot" shall mean the volume of gas that occupies one cubic foot when such gas is at a temperature of 60 degrees Fahrenheit, and at a pressure of 0.33 pounds per square inch above an assumed atmospheric pressure of 14.4 pounds per square inch (14.73 pounds per square inch absolute (psia)) and dry. For gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, 15 degrees C, and dry.

1.7 The term "Daily Limit" shall mean the quantity specified in an Operational Flow Order at a receipt or delivery point.

1.8 The term "day" and "Gas Day" shall mean a period of 24 consecutive hours, beginning and ending at 9:00 A.M. Central Clock Time.

1.9 The term "dekatherm" or "dth" shall mean the quantity of heat energy that is 1,000,000 Btu's. The standard quantity for nominations, confirmation and scheduling is dekatherms per Gas Day in the United States.

GENERAL TERMS AND CONDITIONS

1.10 The term "Delivering Pipeline" shall mean Norse Pipeline, L.L.C., Tennessee Gas Pipeline Company or any other pipeline that interconnects with and delivers into Transporter.

1.11 The term "load factor" for any given period of time shall mean the percentage obtained by dividing the amount of the average Dth delivery of gas during said period by the Transportation Quantity during said period.

1.12 The term "Maximum Daily Quantity," or "MDQ" where used herein or in a gas service agreement shall mean the maximum daily quantity of natural gas that Transporter shall be obligated to deliver under a firm transportation agreement at a particular delivery point each billing day or the maximum daily quantity of gas that Transporter shall be obligated to receive at a particular receipt point each billing day (excluding retainage).

1.13 The term "Maximum Interruptible Quantity" or "MIQ" shall mean the maximum daily quantity that a shipper may nominate under its IT Agreement (excluding retainage).

1.14 The term "Mcf" shall mean 1,000 cubic feet of gas.

1.15 The term "month" shall mean the period beginning at 9:00 A.M. CCT on the first day of the calendar month and ending at 9:00 A.M. CCT on the first day of the next succeeding calendar month.

1.16 The term "Operational Flow Order(s)" or "OFO" shall mean an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity, of the Transporter's system or to maintain operations required to provide efficient and reliable firm service.

1.17 The term "Primary Receipt Point" shall mean the delivery point(s) as specified in the FT Agreement.

1.18 The term "Primary Delivery Point" shall mean the receipt point(s) as specified in the FT Agreement.

1.19 The term "Receiving Pipeline" shall mean the pipeline or other entity that is interconnected with Transporter and physically receives gas delivered by Transporter either for its own account or that of others.

GENERAL TERMS AND CONDITIONS

1.20 The term "Release Quantity" shall mean the maximum quantity that a Shipper releases under Section 11 of Transporter's General Terms and Conditions, whether for temporary or permanent assignment. The Release Quantity shall be stated in Dth per day.

1.21 The term "Releasing Shipper" shall mean any shipper that releases capacity pursuant to the provisions of Section 11 of Transporter's General Terms and Conditions.

1.22 The term "Replacement Shipper" shall mean any shipper that purchases temporarily or permanently released capacity pursuant to Section 11 of Transporter's General Terms and Conditions.

1.23 The term "Scheduled Quantity" shall mean the quantity of natural gas that Shipper nominates for receipt at a receipt point or the quantity that Transporter redelivers to Shipper at a delivery point, and that Transporter schedules for receipt and/or delivery.

1.24 The term "Shipper" shall mean any party or its agent receiving service pursuant to any of Transporter's Rate Schedules or agreements.

1.25 The term "Shipper's Facilities" shall mean all Shipper's pipes, pipelines, and equipment used for physically handling, transporting, and distributing natural gas to be transported by Transporter.

1.26 The term "total heating value", when applied to a cubic foot of gas, shall mean the number of Btu's produced by the complete combustion with air at constant pressure of one anhydrous (dry) cubic foot of gas under a pressure of 14.73 psia and a temperature of 60 degrees Fahrenheit and when the products of combustion are cooled to the initial temperature of the gas and air and the water formed by combustion is condensed to the liquid state.

1.27 The term "Transportation Quantity" shall mean the volume of natural gas specified in Shipper's firm transportation agreement that Transporter obligates itself to be ready to schedule, receive and deliver (adjusted for Retainage, if any) each day on behalf of Shipper. Unless otherwise agreed, the Transportation Quantity shall equal the MDQ.

1.28 The term "Transporter" shall mean Nornew Energy Supply, Inc.

1.29 The term "year" shall mean a period of 365 consecutive days beginning on the date natural gas is first delivered or is to be delivered under the gas transportation or other service contract, whichever is earlier, or on any anniversary thereof; provided, however, that any such year that contains a date of February 29 shall consist of 366 consecutive days.

GENERAL TERMS AND CONDITIONS

2. QUALITY

2.1 The gas received and delivered hereunder: (a) shall have a total heating value of not less than nine hundred sixty-seven (967) Btus per cubic foot, and not more than eleven hundred (1100) Btu's per cubic foot; (b) shall be commercially free (at prevailing pressure and temperature in Transporter's pipeline) from objectionable odors, dust, hydrocarbon liquids, water and any other substance that might become separated from the gas in Transporter's facilities, and Shipper shall furnish, install, maintain and operate such drips, separators, heaters, and other mechanical devices as may be necessary to effect compliance with such requirements (after having secured the prior approval of Transporter as to the design and construction of such facilities, which approval shall not be unreasonably withheld); (c) shall not contain more than twenty (20) grains of total sulphur, nor more than one fourth (1/4) of one grain of hydrogen sulphide per one hundred (100) cubic feet; (d) shall not contain more than two-tenths of one percent (0.2%) by volume of oxygen, and Shipper shall make every reasonable effort to keep the gas free of oxygen; (e) shall not contain more than four percent (4%) by volume of a combined total of carbon dioxide and nitrogen components; provided, however, that the total carbon dioxide content shall not exceed three percent (3%) by volume. (f) shall have a temperature of not more than one hundred twenty degrees (120 degrees) Fahrenheit; (g) shall have been dehydrated by Shipper for removal of entrained water present therein in a vapor state, and in no event contain more than seven (7) pounds of entrained water per million cubic feet, at a pressure base of fourteen and seventy three hundredths (14.73) pounds per square inch and a temperature of sixty degrees (60 degrees) Fahrenheit as determined by dew-point apparatus approved by the Bureau of Mines or such other apparatus as may be mutually agreed upon.

2.2 If gas fails to meet the quality specifications set out in Section 2.1, then Transporter shall have the right to refuse to accept delivery of such gas and in the event Shipper does not correct the quality deficiency within a reasonable period of time, Transporter may terminate the applicable gas service contract as to the deficient gas. Nothing in this Article 2 shall prevent Transporter from waiving any quality specifications where the acceptance of non-conforming gas will not, in the reasonable judgment of Transporter, adversely impact Transporter's operations.

2.3 Notwithstanding the exercise by Transporter of the options in Section 2.2 above, Shipper shall use its best efforts to correct any quality deficiency in the gas tendered for transportation. Further, notwithstanding Transporter's election under Section

2.2 above,
Shipper shall reimburse Transporter for all expenses incurred in repairing
injuries to
Transporter's facilities resulting from deliveries of gas which do not
conform to the quality
specifications set forth in Section 2.1.

GENERAL TERMS AND CONDITIONS

2.4 Transporter shall have the right to collect from all Shippers delivering gas to Transporter at a common Receipt Point their pro rata share of the cost of any additional gas analysis and quality control equipment which Transporter, at its reasonable discretion, determines is required to be installed at such Receipt Point to monitor the quality of gas delivered.

3. MEASUREMENT

3.1 Unit of Measurement: The transportation unit of gas received and delivered by Transporter shall be a dekatherm.

3.2 Determination of Volume and Total Heating Value: The volume and the total heating value of gas received and delivered by Transporter shall be determined as follows, provided that Transporter shall have the right, at any time, to rely on the Delivering Pipeline's measurements and statements for quantities and heating values of gas received by Transporter.

(a) The unit of volume, for the purpose of measurement, shall be one (1) cubic foot of gas at a temperature of sixty degrees (60o) Fahrenheit, and at a pressure of thirty-three hundredths (.33) pounds per square inch above an assumed atmospheric pressure of fourteen and four tenths (14.4) pounds per square inch (fourteen and seventy-three hundredths (14.73) pounds per square inch absolute pressure) and dry. For gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, 15 degrees C, and dry.

(b) The total heating value of the gas per cubic foot shall be as determined by the Delivering Pipeline.

(c) Dekatherms delivered shall be determined by multiplying the Mcf delivered by the ratio of the total heating value of the gas delivered to 1,000. For purposes of this determination the specific gravity and heating value shall be determined at approximately the same time.

(d) The temperature of the gas passing through the meters shall be determined by a temperature transducer, other electronic temperature recording device, a recording thermometer, or any other method mutually agreed upon, so installed that it may properly record the temperature of the gas flowing through the meters.

(e) The specific gravity of the gas delivered by Transporter shall be as determined by the Delivering Pipeline.

GENERAL TERMS AND CONDITIONS

Section 3.2 continued

(f) The deviation of the natural gas from Boyle's Law shall be determined by American Gas Association Par Research Project NX-19 or any superseding applicable publications by the American Gas Association.

(g) The closing of measurement shall be the later of the fifth (5th) Business Day after the close of the month or the third Business Day after receiving a statement from the Delivering Pipeline stating the quantities delivered to Transporter.

4. MEASUREMENT EQUIPMENT

4.1 Measuring Station: With respect to gas received or delivered under a Transportation Agreement, unless otherwise mutually agreed upon, all necessary measuring facilities shall be installed, owned, maintained and operated by Transporter or Transporter's designee near the receipt point(s) and delivery point(s).

(a) Orifice Meters: Orifice meters, if used, shall be installed, and gas quantities computed, in accord with American National Standard Bulletin ANSI/API 2530, AGA Report No. 3, Orifice Metering of Natural Gas, dated May 16, 1985, and any modification and amendments thereof, and shall include the use of flange connections and straightening vanes.

(b) Diaphragm, Rotary or Turbine Meters: Diaphragm or Rotary meters, if used, shall be installed and gas quantities computed, in accordance with generally accepted industry practices. Turbine meters shall be installed in accordance with AGA Report No. 7 (latest edition) with quantities computed in accordance with generally accepted Industry practices.

(c) Electronic Flow Computers: The use of electronic or other types of flow computers is required, unless otherwise mutually agreeable, and such shall be installed, and quantities calculated, in accord with generally accepted industry practices.

(d) New Measurement Techniques: If, at any time, 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 upon mutual agreement thereto by the parties.

4.2 Right to be present: Transporter and Shipper shall have the right to have representatives 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 used in measuring or checking the measurement of deliveries of gas under the transportation

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Section 4.2 continued

contract. The records from such measuring equipment shall remain the property of their owner, but, upon request, each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten days after receipt thereof.

4.3 Care required: All installations of measuring equipment applying to or affecting deliveries of gas shall be made in such manner as to permit an accurate determination of the quantity of gas delivered and ready verification of the accuracy of measurement. Care shall be exercised by both parties in the installation, maintenance and operation of pressure-regulating equipment so as to prevent any inaccuracy in the determination of the quantity of gas delivered under the transportation contract.

4.4 Calibration and test of meters: The accuracy of Transporter's or Shipper's measuring equipment shall be verified at reasonable intervals and, if requested, in the presence of representatives of the other party, but neither party shall be required to verify the accuracy of such equipment more frequently than once in any thirty-day period. In the event either party shall notify the other that it desires a special test of any measuring equipment, the parties shall cooperate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for, shall be borne by the requesting party if the measuring equipment tested is found to be in error not more than two percent (2%). If, upon test, any measuring equipment is found to be in error by not more than two percent (2%), previous recordings of such equipment shall be considered accurate in computing deliveries of gas, but such equipment shall be adjusted at once to record accurately.

If, upon test, any measuring equipment shall be found to be inaccurate by an amount exceeding two percent (2%), at a recording corresponding to the average hourly rate of flow for the period since the last preceding test, then any previous recordings of such equipment shall be corrected to zero error for any period that is known definitely, but in case the period is not known or agreed upon, such correction shall be for a period extending over one-half of the time elapsed since the date of last test, not exceeding a correction period of sixteen days. If Transporter elects to rely on the Delivering Pipeline's measurements of quantities or heat values for gas transported in Transporter's system, then Transporter or Shipper may request verification of measuring equipment by the Delivering Pipeline. Shipper shall coordinate with Transporter any requests made by Shipper to the Delivering Pipeline and

Transporter shall have a right to be notified of and attend any tests made by the Delivering Pipeline of equipment that measures deliveries to Transporter.

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4.5 Correction of metering errors - failure of meters: In the event a meter is out of service or registering inaccurately, the volume of gas delivered shall be determined:

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

(b) by correcting the error if the percentage of error is ascertainable by calibration, tests, or mathematical calculation; or, in the absence of both (a) and (b), then;

(c) by estimating the quantity of delivery by deliveries during periods under similar conditions when the meter was registering accurately.

4.6 Correction of metering errors - adjustments: The cutoff for closing of measurement is

5 business days after the business month. A measurement data correction shall become a

prior period adjustment (PPA) after the fifth (5th) business day following the business

month. A measurement PPA shall be taken back to the production month.

Measurement data corrections shall be processed within six (6) months from the production month, unless (i)

Transporter and Shipper mutually agree otherwise or (ii) the correction is the result of a

deliberate omission or misrepresentation by a party or a mutual mistake of fact. Parties'

other statutory or contractual rights shall not otherwise be diminished. In all instances where

a correction is made, Shipper or Transporter, as applicable, has 90 days to dispute the

correction. In the case of corrections made under (i) or (ii) above, the period for resolving

corrections will be tolled until the correction is settled.

4.7 Preservation of metering records: Transporter and Shipper shall each preserve for a

period of at least three years all test data, charts and other similar records.

5. QUALIFICATION FOR SERVICE

5.1 All Shippers requesting firm transportation service or interruptible transportation service

must provide the information required by this Section 5 and on Transporter's service request

form, in order to qualify for service. No request for service will be processed or entered on

Transporter's log until a completed service request form has been provided. A request for

service shall be made no earlier than 90 days prior to the proposed commencement date of

service and shall not be accepted unless capacity necessary to render the service is available;

provided, however, if additional facilities on Transporter's system are required, the request

may be made at an earlier date. Any modification, in whole or in part, of an existing service

shall be requested by Shipper's submission of a new service request form with a notation on

the form that the service requested is a modification of an existing service.

Transporter shall

GENERAL TERMS AND CONDITIONS

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maintain a log of all firm transportation requests. Any Shipper may request a modification of all or part of any existing service by submitting a service request form, provided that such modification shall not be treated as a request for new service if the modification involves the same point(s) of receipt and delivery, the same degree of firmness, and no reduction in the rate to be paid by Shipper.

5.2 Any request shall include the information listed below. Shipper shall provide any additional information required by Transporter to process the request; provided, however, that the request for additional information shall not affect the priority of Shipper's request.

(a) Gas Quantities: Shipper shall provide the appropriate quantity information applicable to the type of service requested as follows:

(1) for firm transportation, Shipper shall provide the Transportation Quantity or Quantities stated in dekatherms and the estimated total quantities to be received and transported over the delivery period;

(2) for interruptible transportation, Shipper shall provide the Maximum Interruptible Quantity and the estimated total quantities to be received and transported over the delivery period.

(b) Receipt/Delivery Point: For firm transportation requests, Shipper shall provide:

(1) the designated Primary Receipt Point(s) and Primary Delivery Point(s); and

(2) the Maximum Daily Quantity at each point; and

(3) the name of the party delivering the gas to Transporter; and

(4) the name of the party to receive the gas from Transporter.

(c) Term: The proposed commencement and termination dates of service.

(d) Shipper Certification: For transportation requests, Shipper shall provide a statement by the Shipper certifying that all necessary upstream and downstream arrangements will be in place on the date the service is to commence and that the Shipper will have title or the right to acquire title to the gas to be delivered to Transporter.

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Section 5.2 continued

(e) Facilities: For any request, identification and location of any facilities to be constructed or installed by any party affected by the proposed service.

(f) Credit Evaluation: For any request, all credit information required in Section 6 of the General Terms & Conditions of Transporter's Tariff.

5.3 Prepayment: Shippers requesting service shall submit, with their request for service, a check or wire transfer in an amount equal to the lesser of \$10,000 or the total estimated charges applicable to the proposed service for a three month period. This amount shall be credited to Shipper's bill for the first month of the requested service. If the requested service is not available, Transporter shall refund the entire amount of the prepayment, less any applicable charges under Section 23.2, within thirty days of notification by Transporter that service cannot be provided. All prepayments made to Transporter are to be sent by electronic transfer to Transporter at an address to be furnished by Transporter.

5.4 If Transporter denies a request, the denial shall indicate the reason therefore and the request shall be of a continuing nature for a period of ninety (90) days but shall thereafter be deemed a nullity for all present and future purposes.

5.5 Shipper and Transporter shall execute a service agreement, in the form set forth in Transporter's Tariff, for the service requested following Transporter's acceptance in writing of Shipper's request for service and prior to commencement of service. In the event the service agreement is not executed and returned by Shipper within thirty (30) days after Transporter tendered the Agreement to Shipper, Transporter shall consider the request for service invalid.

6. CREDIT REQUIREMENTS

6.1 Unless previously provided to Transporter in the prior three months, a Shipper seeking service from Transporter under Rate Schedules FT or IT must provide:

(a) a copy of Shipper's most recent audited financial statement or a financial statement certified by the Chief Financial Officer of the Shipper (which certificate shall state that such financial statements fairly represent the financial condition and the results of the operations of the Shipper for the period indicated therein) prepared in accordance with generally accepted accounting principles;

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(b) a copy of Shipper's most recent twelve months audited financial statement or Annual Report and, if applicable, 10-K form;

(c) a list of Shipper's affiliates, including parent and subsidiaries, if applicable.

6.2 In the event Shipper cannot provide the information in Section 6.1 above, Shipper shall, if applicable, provide that information for its parent company.

6.3 Transporter shall not be required to perform or to continue service under any Rate Schedule on behalf of any Shipper who is or has become insolvent or who, at Transporter's request, fails within a reasonable period to demonstrate credit-worthiness, provided, however, such Shipper may receive service under any Rate Schedule if Shipper prepays for such service or furnishes good and sufficient security, as determined by Transporter in its reasonable discretion, in an amount equal to the cost of performing the service requested by Shipper for a three month period or the duration of the agreement, whichever is shorter. For purposes herein, the insolvency of a Shipper shall be conclusively demonstrated by the filing by Shipper or any parent entity thereof (hereinafter collectively referred to as "the Shipper") of a voluntary petition in bankruptcy or the entry of a decree or order by a court having jurisdiction in the premises adjudging the Shipper bankrupt or insolvent, or approving, as properly filed, a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Shipper under the Federal Bankruptcy Act or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Shipper or of any substantial part of its property, or the ordering of the winding-up or liquidation of its affairs.

7. TERMINATION OF AGREEMENTS

7.1 Termination of Long-Term Firm Service Agreements. Any Shipper with a Long-Term (twelve or more consecutive months) FT Service Agreement at the maximum applicable tariff rate, or any Shipper with a Long-Term (twelve or more consecutive months) FT Service Agreement at a negotiated rate with whom Transporter otherwise agrees, shall be eligible to exercise a right of first refusal to continue to receive service pursuant to the procedure outlined in this Section. If such an eligible Shipper, pursuant to the terms of a Long-Term FT Service Agreement, elects to terminate its agreement or exercise its right of first refusal thereunder, the firm capacity under such agreement shall be made available in accord with the following:

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Section 7.1 continued

(a) If Shipper elects to terminate its service agreement without invoking the right of first refusal, the availability of the capacity will be posted on Transporter's Internet website and will be awarded on a first come/first served basis among requesting Shippers.

(b) If Shipper desires to invoke its right of first refusal, it must notify Transporter in writing at least 180 days prior to the expiration of such service agreement, or it will waive such rights. If such notice is received by Transporter, the following procedures will apply:

(1) Transporter shall post the capacity for bidding on its Internet website at least 60 days prior to the termination of the service agreement. The capacity will remain posted on Transporter's Internet website for a minimum of 10 days with such posting containing the following information with respect to the capacity:

- (i) daily and other applicable quantity limitations of capacity available;
- (ii) Primary Receipt and Primary Delivery Points;
- (iii) maximum reservation charge as set forth in the Summary of Rates and Charges in Transporter's Tariff;
- (iv) any applicable restrictions; and
- (v) the last day of the bidding period.

(2) Bids shall be submitted to Transporter in writing. Such bids shall be binding and signed by an authorized representative of bidder. Upon conclusion of the bidding period, Transporter shall evaluate the bids in accord with the present value formula set forth in Section 11 for firm transportation service for the evaluation of bids under Transporter's capacity release mechanisms; provided that the term used for purposes of the formula will be the lesser of the term proposed by the Bidder or five years and provided further that Transporter shall have no obligation to accept a bid for less than the filed maximum reservation rate.

(3) Within seven (7) Business Days of the close of the bidding period, Transporter shall notify Shipper of the acceptable bid, if any, having the highest present value to Transporter ("Highest Bid"). Shipper shall have five (5) Business Days after receiving notice to notify Transporter in writing as to whether it will match the Highest Bid

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acceptable to Transporter. Shipper's notification of its election to match the Highest Bid is contractually binding on Shipper. If the Shipper elects to match the Highest Bid, then it must execute a new service agreement that contains the terms of that Bid, within five (5) Business Days after such agreement is tendered by Transporter; provided, however, that shipper shall not be required to pay any rate higher than the maximum applicable rate.

(4) If Transporter receives no acceptable bids on the capacity, then Shipper may continue to receive service at the maximum rate on a month-to-month basis or such other rate and/or term as Transporter and Shipper mutually agree.

8. OPERATIONAL FLOW ORDERS

8.1 Circumstances Warranting Issuance: Transporter shall have the right to issue an Operational Flow Order (OFO) as specified in this Section that requires actions by Shippers in order (1) to alleviate conditions that threaten or could threaten the safe operations or system integrity of Transporter's system, (2) to maintain pipeline operations at the pressures required to provide safe operations or system integrity of Transporter's system, (3) to have adequate gas supplies in the system to deliver on demand, (4) to maintain service to all firm shippers and for all firm services, (5) to maintain the system in balance for the foregoing purposes [or for the purpose of preventing undue imbalances with the Delivering Pipeline], and (6) at any time Delivering Pipeline calls an OFO on its system that directly affects service at Transporter's Receipt Point(s). An OFO identical in terms to that of the Delivering Pipeline shall be deemed to be issued automatically by Transporter whenever the Delivering Pipeline issues an OFO affecting deliveries to Transporter.

8.2 Applicability of OFO: To the extent practicable, based on Transporter's good faith judgment concerning the situations requiring remediation, an OFO will be directed (1) first to Shippers causing the problem necessitating the OFO or transporting gas in the area of the system in which there is an operational problem, and (2) second to those Shippers transporting gas in the area of the system where action is required to correct the problem necessitating the OFO. Transporter will notify affected Shippers of termination of an OFO promptly after concluding that the OFO can safely be removed.

8.3 Notice: All OFOs will be issued via telephone to be followed by a facsimile to the affected Shipper or, if requested by the Shipper, via Internet e-mail to the

affected
Shipper's selected designee. The OFO will set forth (1) the time and date of
issuance,

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(2) the actions Shipper/operator is required to take, (3) the time by which Shipper must be in compliance with the OFO, (4) the anticipated duration of the OFO, and (5) any other terms that Transporter may reasonably require to ensure the effectiveness of the OFO. Each Shipper must designate one or more persons, but not more than three persons, for Transporter to contact on operating matters at any time, on a 24-hour a day, 365-day a year basis. Such contact persons must have adequate authority and expertise to deal with such operating matters. If Transporter cannot contact any Shipper because that Shipper has failed to designate a contact person or Shipper's contact person is unavailable, Transporter shall not be responsible for any consequences that could have been prevented by communication. Transporter, however, will make reasonable continuing efforts to notify the affected Shipper. Notwithstanding the foregoing, notification by the Delivering Pipeline of an OFO affecting Shippers that use Transporter's system shall automatically be deemed to be an OFO on Transporter's system without further notice by Transporter. To the extent practicable, Transporter shall provide an advance warning of a possible OFO.

8.4 Shipper Compliance: A Shipper must comply with an OFO within the time period set forth therein unless the Shipper is able to demonstrate that such compliance is prevented due to a force majeure event as defined in Article 15 of Transporter's General Terms and Conditions. Provided that the Shipper shall make a good faith effort to comply with any such OFO, including seeking waivers of any contractual limits with third parties or modifications of operating conditions on third party systems. Shipper shall notify Transporter immediately if it believes that it is excused from compliance with the OFO for any of the above stated reasons, and shall provide Transporter with documentation sufficient to support its basis for non-compliance.

8.5 Penalties: If a Shipper fails to comply with an OFO, it shall be subject to (1) a penalty of \$10.00 per Dth for any volume of gas by which it deviated from the requirements of the OFO and (2) an Unauthorized Overrun Charge of \$25.00 per Dth for quantities taken by Shipper in excess of either its MDQ or the quantities authorized by the OFO. A Shipper shall not incur any charges or penalties if such charges or penalties would not have been incurred but for Shipper's compliance with an OFO. A Shipper shall not incur any penalties if the OFO was necessitated exclusively by Transporter's gross negligence or willful misconduct. Transporter shall credit 100% of the penalty revenues

received
under this Section 8.5 to complying Shippers (pro rata based upon the ratio
of the
complying Shipper's firm transportation quantity during the penalty month to
the total
system throughput during the penalty month), less any costs incurred by
Transporter as a

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result of a Shipper's failure to comply with an OFO. If there are no complying Shippers, Transporter shall retain such penalty revenues.

8.6 Liability of Transporter: Transporter shall not be liable for any costs incurred by any Shipper in complying with an OFO. Transporter shall not be responsible for any damages that result from any interruption in Shipper's service that is a result of a Shipper's failure to comply promptly and fully with an OFO, and the non-complying Shipper shall indemnify Transporter against any claims of responsibility.

8.7 Unilateral Action: In the event that (1) Shipper(s) does not respond to an OFO, or (2) the actions taken thereunder are insufficient to correct the system problem for which the OFO was issued, or (3) there is insufficient time to carry out the procedures with respect to OFOs, Transporter may periodically take unilateral action, including the curtailment of firm service, to maintain the operational integrity of Transporter's system (or any portion thereof). For purposes of this section, the operational integrity of Transporter's system shall encompass the integrity of the physical system and the preservation of physical assets and their performance, the overall operating performance of the entire physical system as an entity (or any portion thereof), and the maintenance (on a reliable and operationally sound basis) of total system deliverability and the quality of gas delivered.

8.8 Reporting: Within thirty (30) days after an OFO terminates, Transporter shall prepare a report concerning the factors causing the OFO to be imposed and, subsequently, terminated. The report will be supplied to affected shippers upon request.

9. NOMINATIONS, SCHEDULING AND ALLOCATION

9.1 Receipts and Deliveries: All Receipt and Delivery Points must be covered by an OBA or an individual balancing agreement with the Transporter.

9.2 Scheduling and Allocation

(a) Scheduling on Transporter's system shall be accomplished by a Shipper following the standard nominations timeline set forth in Section 9.2(d) of these General Terms and Conditions. For purposes of scheduling initial commencement of service, no later than 11:30 A.M. (CCT) on the day prior to the beginning of the day in which the transportation service is requested to commence, Shipper will send Transporter complete customer nomination information via facsimile or electronic means specified by Transporter. Transporter will receive such complete nomination information by no later than 11:45 A.M. (CCT) on the day prior to the day service commences. The

upstream/downstream
interconnected party will provide Transporter, no later than 3:30 P.M. (CCT)
on the day
prior to the commencement of the service, with final completed

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confirmation that Shipper's nominated quantities will be received and delivered.
Transporter or its designee shall notify Shipper if nominated quantities are rejected and not deemed scheduled despite receipt of such information. With notice to Shippers, Transporter may make arrangements with the Delivering Pipeline or Receiving Pipeline to facilitate Shipper's ability to schedule on one or more systems without duplicative communications or confirmations.

(b) Nomination notices by Shipper to Transporter shall be sent by facsimile or electronic means specified by Transporter to:

Nornew Energy Supply, Inc.
2500 Tanglewilde
Suite 250
Houston, TX 77063-2124
Attn: Gas Control
Fax: (713) 975-0221

No transportation service will commence unless or until (1) Transporter has received complete customer nomination information including a specification of the volumes to flow; (2) the Delivering Pipeline and Receiving Pipeline agree to deliver and receive the nominated quantities and confirm such agreement to Transporter's or its designee reasonable satisfaction, including a specification of the quantities to flow; and (3) Shipper has been advised by Transporter or its designee that quantities have been scheduled pursuant to Shipper's service agreement. In the event of a discrepancy between the quantity nominated by a Shipper and the corresponding quantity confirmed by the Delivering Pipeline and Receiving Pipeline, Transporter shall schedule the lesser of the two quantities. Commencement of service will occur at the beginning of the Gas Day unless otherwise mutually agreed by Shipper and Transporter. All submissions of nominations and confirmations to Transporter shall be made according to the timeline for nominations set forth in Section 9.2(d) of these General Terms and Conditions.

(c) Scheduling Duration: Unless otherwise agreed, the scheduled service specified in the Customer Nomination Form shall be effective commencing at 9:00 A.M. CCT on the beginning day and terminating at 9:00 A.M. CCT on the ending day, as specified in the

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Customer Nomination Form, provided that the requested time period is wholly within the term of the applicable service agreement pursuant to which the nomination is submitted.

(d) Transporter supports the following standard nomination cycles:

(1) The Timely Nomination Cycle: 11:30 am for nominations leaving control of the nominating party; 11:45 am for receipt of nominations by the Transporter; noon to send quick response; 3:30 pm for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 4:30 pm for receipt of Scheduled Quantities by Shipper and point operator (central clock time on the day prior to flow).

(2) The Evening Nomination Cycle: 6:00 pm for nominations leaving control of the nominating party; 6:15 pm for receipt of nominations by the Transporter; 6:30 pm to send quick response; 9:00 pm for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 10:00 pm for transportation service provider 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 the subject Transportation Service Provider to receive notice that it is being bumped should be effective at 9:00 a.m. on gas day; and when an Evening Nomination causes another Service Requester on the subject Transportation Service Provider to receive notice that it is being bumped, the Scheduled Quantities should be effective at 9:00 a.m. on gas day.

(3) The Intraday 1 Nomination Cycle: 10:00 am for nominations leaving control of the nominating party; 10:15 am for receipt of nominations by the Transporter; 10:30 am to send Quick Response; 1:00 pm for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 2:00 pm for Transportation Service Provider 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 Intraday 1 Nominations should be effective at 5:00 pm on gas day.

(4) The Intraday 2 Nomination Cycle: 5:00 pm for nominations leaving control of the nominating party; 5:15 pm for receipt of nominations by the Transporter; 5:30 pm to send Quick Response; 8:00 pm for receipt of completed confirmations by Transporter from

upstream and downstream connected parties; 9:00 pm for Transportation Service
Provider
to provide Scheduled Quantities to affected Shippers and point operators
(central clock

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Section 9.2(d) continued

time on gas day). Scheduled Quantities resulting from Intraday 2 Nominations should be effective at 9:00 pm. on gas day. Bumping is not allowed during the Intraday 2 Nomination Cycle.

(5) For purposes of (d) (2), (3), and (4), above, "provide" shall mean, for transmittals pursuant to GISB standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

(e) (1) Nominations received after nomination deadline will be scheduled after the nominations received before the nomination deadline.

(2) All nominations will be considered original nominations and will 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.

(3) 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.

(4) All nominations shall be stated in terms of a daily transportation quantity; provided, however, that Transporter shall not be required to schedule any such nomination where the nominated quantity exceeds the maximum daily quantity permitted under the service agreement pursuant to which service is requested or which would require Transporter to provide an unreasonably excessive change in the hourly flow rate contrary to Section 9.5. Provided that no intra-day change shall be for a quantity that is less than the quantity of gas that has actually been scheduled to flow on such day prior to the effective time of the intra-day change; and provided further that a properly confirmed nomination shall supersede any previous nomination for such day. Unless otherwise agreed by Transporter, an intra-day nomination shall terminate at the end of the day for which it was submitted, and the nomination in effect prior to the submission of any intra-day nomination for such day shall continue in effect for the time period stated in the nomination.

(5) 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

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gas day in Mexico. (For reference 1 dekatherm = 1,000,000 Btu's; 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.

(6) Intra-day nominations do not rollover (i.e., intra-day nominations span one day only). Intra-day nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if intra-day nomination modifies existing nomination.

(7) An intra-day nomination is a nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the gas day and runs through the end of that gas day.

(f) Bump Protection: Transporter shall not schedule an intra-day transportation nomination change, if the result of scheduling such nomination would be to bump flowing and scheduled transportation under any firm primary or secondary service.

(g) (1) 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 should 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 should be the new confirmed quantity.

(2) With respect to the processing of requests for increases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the previously Scheduled Quantity should be the new confirmed quantity.

(3) With respect to the processing of requests for decreases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities should 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 should be

the new
confirmed quantity.

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(4) With respect to (g) (1), (2), and (3), above, if there is no response to a request for confirmation or an unsolicited confirmation response, the Transportation Service Provider should provide the Service Requester with the following information to explain why the nomination failed, as applicable: (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 should be imparted to the Service Requester on the Scheduled Quantity document.

9.3 Scheduling Priority: Transporter shall schedule receipts and deliveries of gas which has been properly nominated and confirmed in the following sequence and/or in accordance with the supply/market rankings provided in a Shipper's customer nomination form:

(a) First among FT Shippers using Primary Receipt or Primary Delivery Points according to the quantities of gas scheduled by such Shippers;

(b) Pro-rata among FT Shippers using secondary receipt or secondary delivery points according to the quantities of gas scheduled by such Shippers.

(c) Among interruptible services, according to the IT rate paid by Shippers each month, with IT at higher rates being scheduled ahead of IT at lower rates. IT Shippers paying the same rate shall be scheduled pro rata based on Scheduled Quantities. For the purpose of this subsection (c), any shipper paying a rate above the maximum rate, shall be deemed to be paying the maximum applicable rate.

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9.4 Allocation of Limited Capacity

(a) (1) Curtailment: If, on any day, Transporter determines that the capacity of its system, or any portion thereof including the point(s) at which gas is tendered for transportation is insufficient to serve all Shippers that are scheduled to receive service on such day, capacity that requires allocation shall be allocated in a manner that results in curtailment of capacity, to zero if necessary, in reverse of the order listed in Section 9.3 above. If capacity must be allocated within the services included in 9.3(a) above, customers will be curtailed pro rata based on Scheduled Quantities. If interruptible transportation must be allocated, such transportation will be curtailed according to the price being paid, with lower priced transportation being curtailed before higher priced transportation. Provided that, for the purpose of the foregoing sentence, any shipper paying above the maximum IT rate shall be deemed to be paying the maximum applicable rate.

(2) List of allocation methodology types agreed upon: Ranked, Pro Rata, Percentage, Swing, and Operator Provided Value. The same standard allocation methodologies will be available for use at all points. The types of allocation methodologies is a list from which two parties may agree. If the two parties cannot agree upon an allocation methodology, pro rata based upon confirmed nominations will be used as the default method. The party responsible for custody transfer (the party performing the measurement function) should provide the allocation.

(3) The timing for reporting daily operational allocations after the gas has flowed is within one business day after end of 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.

(4) The timing for reporting daily operational allocations after the gas has flowed is within one business day after end of 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.

(5) The time limitation for disputes of allocations is 6 months from the date of the initial month-end allocation with a 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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(b) Upstream or Downstream Curtailment: If the Delivering Pipeline curtails or interrupts deliveries of Shipper's gas to Transporter or if the Receiving Pipeline curtails or interrupts receipts of Shipper's Gas from Transporter, transportation by Transporter shall likewise be curtailed or interrupted and Shipper will be responsible for arranging adjustments of transportation quantities on all upstream/downstream pipelines.

9.5 Uniform Quantities: Except for changes in service as provided in Section 9.2 of these General Terms and Conditions, Shipper shall deliver and receive gas in uniform daily quantities during any month, and in uniform hourly quantities during any day with no significant fluctuation to the extent practicable. Transporter shall not be obligated to deliver to Shipper in any single hour more than 4.4% of the sum of Shipper's Transportation Quantities under Shipper's FT Agreement(s); however, to the extent that, in Transporter's sole judgment, it can do so without impairment to its other service obligations or incurrence of unreimbursed charges from the Delivering Pipeline, Transporter will make available hourly deliveries to Shippers without regard to the foregoing limitation. In addition to any other amounts chargeable to Shipper for unauthorized imbalances, Shipper shall reimburse Transporter for any charges or penalties incurred by Transporter from the Delivering Pipeline. Notwithstanding the foregoing, if Shipper with Transporter's consent (which consent will not be unreasonably withheld) arranges for adequate balancing services by the Delivering Pipeline or by another capable entity, then Shipper's quantities can fluctuate relative to scheduled quantities to the extent balancing support is actually provided by the Delivering Pipeline or such other entity and no disruption occurs to Transportation on behalf of other Shippers or Transporter's system integrity.

9.6 Supply Deficiencies: If Transporter experiences a supply short fall due to the under-delivery of supply to Transporter's system, then (a) if the deficient source is known, Transporter will curtail the corresponding Shipper; or (b) if the deficient sources are indeterminable, then, to the extent practicable, Transporter will curtail interruptible service first in reverse scheduling order and then pro rata FT service.

9.7 Shipper Duty to Control Imbalances:

(a) A Shipper receiving any transportation service from Transporter will use, or will cause any party receiving or delivering Shipper's gas to use, all reasonable efforts to ensure that receipts and deliveries of gas are equal to the Scheduled

Quantities. A Shipper that also controls a Delivery Point on Transporter's pipeline may enter into an

GENERAL TERMS AND CONDITIONS

Section 9.7 continued

Operational Balancing Agreement ("OBA") with Transporter addressing imbalance resolution at that Delivery Point.

(b) Balancing at Contract Termination: Following the termination of the service agreement, Shipper shall be required to "cash out" any remaining excess or deficiency in receipts and deliveries, unless the parties mutually agree otherwise.

(c) Shipper Requirement to Cure Imbalance During Month: Shipper shall maintain balance between Scheduled Quantities and quantities delivered to and received from Transporter. Shipper may not take more gas than scheduled without prior written consent of Transporter. Shipper shall have access to receipt and delivery point measurement data during the month, either through access to electronic data or by other reasonable means agreed to Transporter and Shipper. At any time during a month, Transporter may direct Shipper to cure a current or accumulated imbalance as necessary in Transporter's reasonable judgment to prevent financial or operational burdens from being imposed on Transporter or other Shipper(s) or interconnected parties. If Shipper fails to comply with Transporter's directives within the time specified, Shipper shall pay the OFO penalty set forth in General Terms and Conditions Section 8.5 of Transporter's Tariff in addition to any other amounts due to Transporter.

(d) Monthly Cash-Out Provisions: It is the responsibility of Shipper to eliminate end-of-month imbalances by cash settlement with Transporter unless the parties mutually agree to in-kind resolution. Monthly imbalance statements will be generated at the same time or prior to the generation of the transportation invoice. Pursuant to Section 10.1 of Transporter's Tariff, and subject to Shipper rights to net or trade imbalances pursuant to Section 9.10, Transporter will send Shipper a statement detailing the unresolved imbalance quantities and payment of the amount due Shipper or an invoice for the amount due Transporter. Shipper and Transporter shall have 20 days to either cash out or otherwise mutually agree to the resolution of the unresolved imbalance on the statement.

(1) Positive Imbalances

In the event of a Positive Imbalance (i.e., when actual deliveries are greater than scheduled quantities), Transporter will pay Shipper for such Positive Imbalance Quantity in accordance with the following provisions:

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The Imbalance Level Factors for Positive Imbalances are as follows:

	0	-	5%	100% of Index
>	5%	-	10%	110% of Index
>	10%	-	15%	120% of Index
>	15%	-	20%	130% of Index
>	20%			140% of Index

Imbalance Level shall be calculated by dividing the Positive Imbalance Quantity by the sum of the total quantities scheduled for delivery.

The amount due Transporter for Positive Imbalances shall be the Positive Imbalance Quantity multiplied by the product of the corresponding Imbalance Level Factor multiplied by the Purchase Index Price as defined in Section 9.7(d)(3) .

(2) Negative Imbalances

In the event of a Negative Imbalance (i.e., when actual deliveries are less than scheduled quantities), Shipper will pay Transporter for such Negative Imbalance Quantity in accordance with the following provisions:

The Imbalance Level Factors for Negative Imbalances are as follows:

	0	-	5%	100% of Index
>	5%	-	10%	90% of Index
>	10%	-	15%	80% of Index
>	15%	-	20%	70% of Index
>	20%			60% of Index

Imbalance Level shall be calculated by dividing the Negative Imbalance Quantity by the sum of the total quantities scheduled for delivery.

The amount due Shipper for Negative Imbalances shall be the Negative Imbalance Quantity multiplied by the product of the corresponding Imbalance Level Factor multiplied by the Purchase Index Price as defined in Section 9.7(d)(3) .

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(3) For Positive and Negative Imbalances, the Purchase Index Price shall equal the arithmetic average of the midpoint prices for Niagara (NFG, Tenn), as published in Financial Times Energy's "Gas Daily" during said month ("Index"), and the Imbalance

Level Factor. The arithmetic average shall be computed by taking the sum of the midpoint prices for Niagara (NFG, Tenn) for the days during the month the publication was issued and divided by the number of days in the month the publication was issued. In the event that this price is no longer available or the basis upon which such price is reported or calculated in such publication changes substantively, Transporter will file to change its tariff and may, at its discretion, select representative price(s) in the interim period, subject to Commission approval.

9.8 Unauthorized Delivery Charge: Unauthorized deliveries are deliveries of gas for transportation made to Transporter at the receipt point(s) prior to either execution of a Transportation Agreement or confirmation of customer nomination information. Transporter shall assess a charge equal to \$25/Dth. Transporter shall have the right to retain unauthorized deliveries at receipt point(s) after 30 days notice to the responsible party.

Transporter shall credit 100% of the penalty revenues received under this Section 9.8 to Shippers not assessed an unauthorized delivery charge during the month in which such unauthorized deliveries occurred (pro rata based upon the ratio of complying Shipper's transportation quantity in the penalty month to total system throughput).. In the event there are no Shippers not assessed an unauthorized delivery charge in a given month, Transporter shall retain such penalty revenues.

9.9 Scheduling Penalty: If Shipper's deliveries to or receipts from Transporter differ from Scheduled Quantities and if satisfactory arrangements have not been made for the Delivering Pipeline or other capable entity to act as the balancing party, Shipper shall pay Transporter a penalty of \$15 per Dth of the remaining imbalance in addition to any other applicable charges. No scheduling penalty will be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty.

Transporter shall credit 100% of the penalty revenues received under this Section 9.9 to Shippers not penalized during the month in which the imbalance was incurred (pro rata based upon the ratio of complying Shipper's transportation quantity in the penalty month

to total system throughput). In the event there are no Shippers not subject to such imbalance penalties, Transporter shall retain such penalty revenues.

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9.10 Netting and Trading Imbalances. Any Shipper using multiple Transportation Agreements between the same points may cause Transporter to net opposite imbalances across those agreements prior to assessing penalties, provided that the imbalances occur during the same relevant period. Any two Shippers may agree to trade equal quantities of opposite imbalances that occur during the same relevant period, provided that such Shippers give Transporter written notice of such trade at least seven days before payment is due for the otherwise applicable imbalance penalties thereon (such payments to be due 20 days from the date of receipt of invoice, as provided in Sections 9.7(d) and 10.3) and Transporter confirms that the two Shippers, in fact, have offsetting imbalances. An entity shall not be deemed a "marketing affiliate" solely by reason of imbalance trading.

10. INVOICING AND PAYMENTS

10.1 Monthly invoicing date: Transporter shall prepare invoices (including imbalance statements) on or before the 9th business day of each month following the month of delivery. Invoices may be rendered by mail or facsimile.

10.2 Right of examination: If invoice is in dispute, Shipper shall pay portion not in dispute and provide documentation identifying basis for the dispute. Both Transporter and Shipper shall have the right to examine at any reasonable time the applicable books and records (or portions thereof) and charts of the other to the extent necessary to verify the accuracy of any statement made under or pursuant to the provisions of the gas service agreement. Upon receipt of a request, the party will either send the information relevant to the request to the other party or will provide the requestor the right to review such information in the requestor's offices.

10.3 Monthly payment date: Shipper (or other payor) shall pay Transporter, via electronic means as designated on each monthly bill, so that payment is received and Transporter has available funds within twenty (20) calendar days from the date of the invoice, for the gas service purchased by Shipper during the preceding month and invoiced by Transporter pursuant to this Tariff or the gas service agreement. Shipper (or other payor) shall provide Transporter with supporting documentation with any payment as well as the appropriate invoice number on the payment(s). Transporter shall apply the payment pursuant to the supporting documentation provided. When payment is made by electronic funds transfer, the remittance detail is due within two (2) Business Days of the payment due date.

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10.4 Remedies for nonpayment: Should Shipper fail to pay all of the amount of any invoice as herein provided when such amount is due, Shipper shall pay a Charge for Late Payment. Such Charge for Late Payment shall be determined by multiplying (a) the unpaid portion of the invoice, by (b) the ratio of the number of days from the due date to the date of actual payment to 365, and by (c) the interest rate determined in accordance with Section 154.67 of the Commission's regulations. If such failure to pay continued for thirty (30) days after payment is due, Transporter may suspend service; and, if Transporter has provided Shipper and the FERC with at least thirty (30) days notice that service will terminate due to the non-payment, Transporter, in addition to any other remedy it may have under the service contract, may, after application to and authorization by the FERC, if that authorization is necessary, terminate the service contract; provided, however, that if Shipper in good faith shall dispute the amount of any such invoice or part thereof and shall pay to Transporter such amounts as it concedes to be correct in addition to providing such remittance detail and documentation identifying the basis for the dispute, and at any time within thirty (30) days after a demand made by Transporter, shall furnish good and sufficient surety bond, guaranteeing payment to Transporter of the amount ultimately found due upon such invoices after a final determination, which may be reached either by agreement or judgment of the courts, as; may be the case, then Transporter shall not be entitled to terminate the gas service agreement until default be made in the conditions of such bond.

10.5 Adjustment of underpayment, overpayment or error in billing: If it shall be found within six months of the date which the invoice was rendered that a Shipper has been overcharged or undercharged in any form whatsoever under the provisions of this Tariff or the service contract for the services for which the Shipper was charged under such invoice and Shipper shall have actually paid the invoices containing such overcharge or undercharge, then within thirty (30) days after the final determination thereof, which shall be no later than ninety (90) days from the date which the claim for adjustment was made, Transporter shall refund the amount of such overcharge and Shipper shall pay the amount of any such undercharge; provided, however, if the overcharge or undercharge is the result of a deliberate omission or misrepresentation by either party or a mutual mistake of fact, then the period for resolving adjustments is tolled until the claimed adjustment is settled. Interest calculated in accord with Section 10.4 above shall apply to any overcharge or undercharge not paid or refunded within thirty (30) days from

the date of
the determination of the amount of the undercharge or overcharge. Prior
period
adjustment time limits will be 6 months from the date of the initial
transportation invoice
with a 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.

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10.6 Nothing in these General Terms and Conditions or in any of Transporter's Rate Schedules or Service Agreements is intended to limit the rights of Transporter or Shipper with respect to invoicing and payment or any other provision contained in either the General Terms and Conditions, the Rate Schedules, or the Service Agreements in forum outside the Federal Energy Regulatory Commission.

11. TEMPORARY RELEASE OR PERMANENT ASSIGNMENT OF RIGHTS TO FIRM TRANSPORTATION SERVICE

11.1 Applicability - This Section 11 implements Section 284.8 of the FERC's regulations and is applicable to any Shipper that holds rights to firm transportation that elects to temporarily release or permanently assign all or a portion of such firm transportation rights ("Releasing Shipper"). For purposes hereof, the term "transportation," "transportation service" or "transportation rights" shall include firm transportation service offered under Rate Schedule FT, and the term "release" or "released" shall apply to permanent assignments as well as temporary releases unless otherwise noted. A Releasing Shipper shall have the right to release any portion of its firm transportation rights and obligations but only to the extent that the rights so released are acquired by another party pursuant to the provisions of this Section 11, that executes either a Released Transportation Service Agreement for a temporary release or a Pre-Assignment Agreement for a permanent assignment. Such party shall be referred to herein as "Replacement Shipper". A person that desires to bid on and obtain firm transportation rights released under the provisions of this Section 11 shall be known as a "Bidder."

11.2 (a) Prior to the commencement of service pursuant to any release request, the Replacement Shipper shall submit to Transporter, in accordance with Section 5 of Transporter's General Terms and Conditions, a check equal to the lesser of \$10,000 or the total reservation charges under its Released Transportation Service Agreement (or corresponding exhibit) applicable to the released service for a three month period.

(b) Subject to any restrictions in the original release, a Replacement Shipper shall be allowed to release the capacity under its Transportation Service Agreement, provided that the original release was not volumetrically based.

(c) The Capacity Release timeline is applicable to all parties involved in the Capacity Release process; however, it is only applicable if 1) all information provided by the parties to the transaction is valid and the acquiring shipper has been determined to be credit worthy before the capacity release bid is tendered, 2) the Replacement

Shipper is a

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party to a Released Transportation Service Agreement, and 3) there are no special terms or conditions of the release.

(d) Capacity Release Timeline:

For short-term releases (less than 5 months):

-- Offers to release, in the form required by this tariff, should be tendered by Releasing Shipper by 1:00 P.M. on the day before nominations for short-term releases (less than 5 months);

-- open season ends no later than 2 P.M. on the day before nominations are due

(evaluation period begins at 2 P.M. during which contingency is eliminated, determination of best bid is made, and ties are broken);

-- evaluation period ends at 3:15 P.M.;
-- match or award is communicated by 3:15 P.M.;
-- match response by 4 P.M.;
-- award posting by 5 P.M.;
-- posting of pre-arranged deals not subject to bid by 9 A.M. the day of nominations;
-- contract tendered with contract # by 10 A.M.; contract executed; nomination possible for next day gas flow. (Central Clock Time)

For longer term releases (five months or more):

-- offers to release, in the form required by this tariff, should be tendered by Releasing Shipper by 1:00 P.M. four business days before award for long-term releases;
-- open season ends no later than 2 P.M. on the day before nominations are due (open

season is three business days);

-- evaluation period begins at 2 P.M. during which contingency is eliminated,

determination of best bid is made, and ties are broken;

-- evaluation period ends at 3:15 P.M.;
-- match or award is communicated by 3:15 P.M.;
-- match response by 4 P.M.;
-- award posting by 5 P.M.;
-- posting of pre-arranged deals not subject to bid by 9 A.M. the day of nominations;
-- contract tendered with contract # by 10 A.M.; contract executed; nomination possible for next day gas flow. (Central Clock Time)

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11.3 Submission of Release Documents - Parties shall submit all necessary information, release requests and bids to Transporter for its information via facsimile and electronic means acceptable to Transporter. In the case of prearranged releases, the Releasing Shipper shall submit with its release request a complete Exhibit R-_____ in the form set forth in the tariff and submit it with the Replacement Shipper's signature to Transporter for review and approval. In the case of releases subject to bidding, Releasing Shipper shall submit with its release request an Exhibit R-_____ that has been completed except for the price and identity of the winning bidder, which Transporter shall complete upon award of the release. Email addresses and facsimile numbers shall be supplied to Transporter by all Shippers and potential bidders for released capacity.

11.4 Marketing of Released Capacity - Transporter shall have no obligation to market any capacity available to be released by a Releasing Shipper. Transporter, however, may agree to market capacity for a Releasing Shipper and may negotiate a fee with the Releasing Shipper for such service. Any marketing services rendered by Transporter will be provided on a non-discriminatory basis.

11.5 Further Conditions on Release of Transportation.

(a) Persons participating in this release program agree to be bound by and shall comply with the terms and conditions of this Tariff, and all applicable Commission rules, orders and regulations.

(b) All terms and conditions in all release requests must be objectively stated, applicable to all Bidders and non-discriminatory.

(c) The minimum term for release shall be one day and the maximum term shall be the remaining term of the Releasing Shipper's transportation service agreement.

(d) The maximum rates for any release shall be the applicable maximum reservation charge and usage charge, as well as all other applicable rates, charges, and surcharges set forth in this Tariff, notwithstanding any discount to such rates, charges or surcharges then in effect for the Releasing Shipper, provided that, for short-term releases of less than one year, a Releasing Shipper may charge more than the applicable maximum filed rate until September 30, 2002, or thereafter if approved by the Commission.

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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 the rate period, dividing the result by the number of months in the rate period and taking the remainder out to 5 decimal places and rounding up or down to the Transporter's specified decimal place. Converting a monthly rate to a daily rate is accomplished by multiplying the monthly rate by number of months in the rate period; dividing the result by the number of days in the rate period and taking the remainder out to 5 decimal places and rounding up or down to the Transporter's specified decimal place.

(e) (i) All terms and conditions of all releases must be consistent with the terms and conditions of the Releasing Shipper's transportation service agreement and with this Tariff, including the provisions on nominations and scheduling of transportation and curtailment of service.

(ii) Bids are binding until written or electronic notice of withdrawal is received by Transporter. Offers are binding until written or electronic notice of withdrawal is received by Transporter. Bids cannot be withdrawn after the bid period ends. The releasing party has the right to withdraw its offer during the bid period, where unanticipated circumstances justify and no minimum bid has been made.

(iii) Transporter will post offers and bids, including prearranged deals, upon receipt, unless Releasing Shipper requests otherwise. If a Releasing Shipper requests a posting time, Transporter will support such request insofar as it comports with the standard timeline set forth in Section 11.2(d) of the General Terms and Conditions of this Tariff.

(iv) A Releasing Shipper may not specify an extension of the original bid period or the pre-arranged deal match period, without posting a new release.

(v) Releasing shipper may specify dollars and cents or percents of maximum tariff rate in the denomination of bids. Once the choice is made by the Releasing Shipper, the bids should comport with the choice.

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(vi) For the capacity release business process timing model set forth in Section 11.2(d) of these General Terms and Conditions, only the following methodologies are supported by Transporter and provided to releasing shippers as choices from which they may select and, once chosen, should be used in determining the awards from the bid(s) submitted. They are: 1) highest rate, 2) net revenue and 3) present value. Other choices of bid evaluation methodology (including other releasing shipper defined evaluation methodologies) can be accorded similar timeline evaluation treatment at the discretion of Transporter. However, Transporter is not required to offer other choices or similar timeline treatment for other choices, nor, is Transporter held to the timeline should the releasing shipper elect another method of evaluation.

(f) If the Releasing Shipper wishes to recall capacity to be effective for a Gas Day, the notice should be provided to Transporter and the acquiring shipper no later than 8 A.M. Central Clock Time on nomination day; provided, however, the Releasing Shipper may not effect a partial day recall of capacity. Such notification will confirm that the conditions of recall have been met and will be accompanied by the scheduling information required by Article 9. A Releasing Shipper may specify in the Release Request whether the recalled capacity is to be reput to the original Replacement Shipper and the terms of the reput. These terms may be either: (i) reput must be accepted by the original Replacement Shipper for the original terms of the release or (ii) reput may be accepted at the option of the original Replacement Shipper for the original terms of the release. The Releasing Shipper may effect a reput by notifying Transporter and Replacement Shipper by 8:00 A.M. Central Clock Time on the day of the nomination deadline on the day prior to the effective date of the reput of entitlements to Replacement Shipper.

GENERAL TERMS AND CONDITIONS

Section 11.5 continued

(g) Notwithstanding anything herein to the contrary, all Releasing Shippers that release capacity shall remain responsible for payment of all reservation charges for released transportation unless Transporter consents to a permanent release after the Replacement Shipper submits all necessary information for a new service request, satisfies all creditworthiness requirements and the Releasing and Replacement Shippers execute all necessary service agreements or amendments with Transporter. Transporter and Shipper may, in connection with their agreement to a Negotiated Rate under a firm transportation rate schedule, agree upon Releasing Shipper payment obligations and crediting mechanisms in the event of a capacity release that vary from or are in addition to those set forth herein and in Subsection (i) of this Section. The Releasing Shipper shall receive a reservation charge credit equaling the reservation charge dollars for which Transporter bills the Replacement Shipper. A reservation rate for the purposes of this Section 11 consists of (i) the base reservation rate, and (ii) all applicable surcharges. Any discount from said rate comes first off the surcharges and then off the base reservation rate. Therefore a Releasing Shipper paying a discounted rate is only entitled to receive any revenues from the release of its capacity that exceed the amount of the applicable surcharges.

(h) Transporter shall bill Replacement Shipper in accordance with Section 10 of the General Terms and Conditions based upon the rates, charges, and surcharges incorporated in the Released Transportation Service Agreement. The Usage charges for the Replacement Shipper will include the maximum Usage rate under the applicable rate schedule including all adjustments. If the Replacement Shipper fails to pay all or any portion of any bill by the due date specified on the bill, Transporter shall send an invoice to the Releasing Shipper for all unpaid amounts up to the amount of the Releasing Shipper's reservation charge, which the Releasing Shipper shall pay to Transporter with interest on the unpaid amount, which interest shall be calculated from the date that Transporter credited the Releasing Shipper for the applicable reservation charges in accord with (g) above. Releasing Shipper shall submit the payment within ten days of receipt of Transporter's invoice. Releasing Shipper shall be responsible for obtaining reimbursement for any such payment from Replacement Shipper. Failure of either the Replacement Shipper or Releasing Shipper to pay bills shall entitle Transporter to exercise the remedies available under the applicable service agreements and this Tariff, including suspension of service to the Releasing Shipper and the Replacement

Shipper, as well as any other remedies available to Transporter.

(i) Except in case of permanent assignment, any increase in Transporter's rates, charges, and surcharges shall remain the responsibility of the Releasing Shipper; provided, however, that the Releasing Shipper may provide in its release request for the rates, charges or surcharges for released service rights to increase in accordance with such

GENERAL TERMS AND CONDITIONS

Section 11.5(i) continued

increase in Transporter's rates, charges, and surcharges. Any refunds of any rates or charges ordered by the FERC shall be paid by Transporter to the Releasing Shipper and/or the Replacement Shipper in the manner specified in the release request and incorporated in the Released Transportation Service Agreement.

(j) Except in case of permanent assignment, the Replacement Shipper's service under a Released Transportation Service Agreement shall be subject to and governed by the terms and conditions of the Releasing Shipper's transportation service agreement and governing rate schedule and the Released Transportation Service Agreement.

(k) Except in case of permanent assignment, Transporter shall accept nominations, schedule transportation, afford priority of service, and curtail service based on instructions and communications from the Releasing Shipper and the Replacement Shipper that are consistent with one another and with the terms and conditions of the Tariff and their respective service agreements. If instructions or nominations from the Releasing Shipper and Replacement Shipper, in Transporter's sole opinion, are inconsistent or conflicting, and if Transporter is unable to resolve the conflict prior to the time that it must take the required action, Transporter shall comply with the instructions of the Releasing Shipper; provided, however, that such instructions must not be inconsistent with the Tariff, in Transporter's sole opinion. The Releasing Shipper will indemnify Transporter against any claim or suit by the Replacement Shipper, its successors or assigns, arising from any action taken by Transporter in reliance upon the Releasing Shipper's nominations and instructions and will hold Transporter harmless for any action taken by Transporter in reliance upon the nominations and scheduling instructions of the Replacement Shipper. The Replacement Shipper will indemnify Transporter against any claim or suit by the Releasing Shipper, its successors or assigns, arising from any action taken by Transporter in reliance upon the nominations and scheduling instructions of the Replacement Shipper and will hold Transporter harmless for any actions taken by Transporter in reliance upon the instructions of the Releasing Shipper.

(l) Replacement Shippers may not change Primary Delivery Points or otherwise alter the underlying agreement. Replacement Shippers may use secondary delivery points.

(m) All transportation rights released hereunder shall be scheduled and curtailed as firm transportation service under Section 9 of these General Terms and Conditions.

Interruption or curtailment of such released service shall be in accordance with

GENERAL TERMS AND CONDITIONS

Section 11.5(m) continued

interruption or curtailment of firm service under this Tariff and as prescribed by the terms of the release.

12. POSSESSION OF GAS

Unless otherwise provided in the transportation agreement or applicable Rate Schedule, as between Transporter and shipper, Shipper shall be deemed to be in exclusive control and possession of the gas to be transported (i) prior to receipt by Transporter at the receipt point(s), and (ii) after delivery by Transporter at the delivery point(s); otherwise, Transporter shall be in exclusive control and possession of the gas. The party in exclusive control and possession of the gas shall be responsible for all injury or damage caused thereby to any third party. In the absence of gross negligence or willful misconduct on the part of Transporter, Shipper waives any and all claims and demands against Transporter, its officers, employees or agents, arising out of or in any way connected with (i) the quality, use or condition of the gas after delivery from Transporter for the account of such Shipper, (ii) any losses or shrinkage of gas, where applicable, during or resulting from transportation hereunder, and (iii) all other claims and demands arising out of Transporter's performance of its duties hereunder.

13. PRESSURES AND AVAILABILITY OF DELIVERY POINTS

Unless otherwise agreed between Transporter and Shipper, Shipper shall deliver gas to Transporter at the pressure required from time to time to enable the gas to enter Transporter's facilities at the Receipt Point(s). Unless otherwise agreed between Transporter and Shipper, Transporter shall deliver gas to Shipper at Transporter's line pressure existing at the Delivery Point(s), subject to Transporter's protecting its operational integrity and to minimum pressure requirements, if any, specified in the transportation contract.

GENERAL TERMS AND CONDITIONS

14. WARRANTY OF TITLE TO GAS

Shipper warrants for itself, its successors and assigns, that it will have, at the time of delivery of gas hereunder, good title or the right to acquire title to the gas it delivers and that the gas it delivers hereunder shall be free and clear of all liens, encumbrances and claims whatsoever. In the event of a breach of this warranty, the breaching party shall indemnify the other and save it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of any adverse claims of any and all persons to said gas and/or to royalties, taxes, license fees or charges thereon applicable for such delivery of gas, and that the breaching party will indemnify the other and save it harmless from all taxes or assessments that may be levied and assessed upon such delivery and which are by law payable by, and the obligation of, the party making such delivery. If Shipper's title or right to deliver gas to be transported is questioned or involved in any action, Shipper shall not qualify for or shall be ineligible to continue to receive service until such time as Shipper's title or right to deliver is free from question; provided, however, Transporter shall allow Shipper to qualify for or continue receiving service under this Tariff if Shipper furnishes a bond satisfactory to Transporter. Title to the gas received by Transporter at the receipt point(s) shall not pass to Transporter, except for title to gas delivered for Transporter's system fuel and uses and gas lost and unaccounted for, which shall pass to Transporter upon delivery at the receipt point(s).

GENERAL TERMS AND CONDITIONS

15. EXCUSE OF PERFORMANCE AND REMEDIES

15.1 Relief from liability: Neither Transporter nor Shipper shall be liable in damages to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, military action, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, crevasses, floods, washouts, arrests and restraints of rulers and peoples, explosions, breakage or accident to machinery or lines of pipe, the necessity for testing, rehabilitating or making emergency repairs or alterations to machinery or lines of pipe, freezing of wells or lines of pipe, inability of either Shipper or Transporter to obtain necessary materials, supplies, equipment or permits, labor required to comply with any obligations or conditions of an agreement, inability to obtain access to rights-of-way, the binding order of any court or governmental authority that has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated, or otherwise, and whether caused or occasioned by or happening on account of the act or omission of one of the parties to the FT or IT Agreement between Transporter and Shipper or some person or concern not a party thereto, not within the control of the party claiming suspension, and which by the exercise of reasonable diligence such party is unable to prevent or overcome. Transporter and Shipper shall schedule routine maintenance in a manner that minimizes service interruptions and shall not schedule routine maintenance during periods of peak demand. Any routine maintenance that is scheduled during a period of peak demand shall not be considered an event of force majeure hereunder. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension.

15.2 Liabilities not relieved: (a) Such causes or contingencies affecting the performance of said gas service agreement by either party, however, shall not relieve it of liability in the event of its contributory gross negligence or in the event of its failure to use due 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 its obligations to meet the quality standards set forth in Section 2, nor shall such causes or contingencies affecting the performance of said contract relieve either party from its obligations to make payments of amounts then due thereunder, nor shall such causes or contingencies relieve either party of liability unless such party shall give

notice and full
particulars of the same in writing or by fax to the other party as soon as
possible after the
occurrence relied on.

GENERAL TERMS AND CONDITIONS

Section 15.2 continued

(b) Notwithstanding Section 15.2(a), if Shipper is a generator of electric power utilizing natural gas transported on Transporter's interstate pipeline under a FT Agreement and Transporter fails to satisfy its obligations under such agreement as described in Section 15.2(a), such Shipper shall be entitled to liquidated damages in the amount of the cost of producing or acquiring alternative electricity in excess of the cost of generating the same amount of electricity using natural gas. In the event such Shipper, in its sole discretion, chooses to generate electricity by an alternative means, all costs, including excess labor, environmental and fuel costs shall be considered. In the event such Shipper chooses to purchase alternative electricity, or the default results in the inadvertent purchase of electricity, all costs of purchase, including transaction costs and transmission costs, shall be considered. Such Shipper shall act reasonably in mitigating damages to Transporter. Damages shall apply to all scheduled electricity during the period of default for on-system and off-system sales. Transporter shall also be responsible for all penalties, of whatever nature, imposed upon the Shipper as a result of the default. Transporter retains the right to assist the Shipper in obtaining an alternative electric supply in the event of default. Transporter, in its sole discretion, may obtain a policy of insurance for the payment of liquidated damages described in Section 15.2(b), but said policy shall not relieve the Transporter of its obligations under this section. Transporter's liability to the Shipper under this section shall be limited to the sum of \$500,000.

15.3 Notice: In the event that the performance of this Lease, or a material obligation hereof is, in the reasonable opinion of the party affected, rendered impossible or substantially impossible, then the affected party shall so notify the other party, and the parties shall thereafter meet within five (5) business days of such notice of Force Majeure and discuss the reasonable course of action necessary to remedy the Force Majeure event with all reasonable dispatch. If a party believes that the party invoking Force Majeure (a) was in control of the cited event, (b) did not take reasonable steps to prevent the event or (c) is not remedying the event of Force Majeure with all reasonable dispatch, then it can provide the other party with written notice of such failure (detailing the reason for such a belief). If the notice cites any of the reasons in (a) or (b), and the receiving party does not dispute such notice within five (5) business days of receipt thereof, then the noticing party may exercise its rights under Article 13 or 14, as applicable. If the notice cites reason (c), and the receiving party does not dispute such notice within five (5) business days of

receipt thereof and does not take such additional steps as required to remedy the event with all reasonable dispatch, then the party giving notice may terminate this Lease in accordance with Article 13 or 14, as applicable. Such termination shall not relieve either party of payments due the other accrued hereunder to the date of the event of Force Majeure.

GENERAL TERMS AND CONDITIONS

15.4 Termination of agreement: If either Transporter or Shipper shall fail to perform any of the covenants or obligations imposed upon it by the gas service agreement, subject to the applicable provisions of Transporter's Tariff, then in such event the other party may at its option terminate said agreement by proceeding as follows: the party not in default shall cause a written notice to be served on the party in default stating specifically the cause for terminating the agreement and declaring it to be the intention of the party giving the notice to terminate the same; thereupon the party in default shall have thirty days after the service of the aforesaid notice (or five days in the case of late payment) in which to remedy or remove the cause or causes stated in the notice for terminating the agreement, and if within said period of thirty days the party in default does so remove and remedy said cause or causes and fully indemnifies the party not in default for any and all consequences of such breach, then such notice shall be withdrawn and the agreement shall continue in full force and effect. In case the party in default does not so remedy and remove the cause or causes or does not indemnify the party giving the notice for any and all consequences of such breach, within said period of thirty days, the agreement shall terminate. Any cancellation of the agreement pursuant to the provisions of this paragraph shall be without prejudice to the right of Transporter to collect any amounts then due to it for natural gas service rendered prior to the time of cancellation, and shall be without prejudice to the right of Shipper to receive any gas that it has not received but which it has delivered to Transporter for transportation, prior to the time of cancellation, and without waiver of any remedy to which the party not in default may be entitled for violations of the agreement. Nothing herein shall prevent Transporter from taking prompt steps to protect the integrity of its system or service commitments to other shippers.

16. NOTICES

Except when Transporter's General Terms and Conditions require it to give notice through its Internet website, any communication, notice, request, demand, statement or bill provided for in this Tariff or in an FT or IT Agreement, or any notice that either Transporter or Shipper may desire to give to the other, shall be in writing and shall be considered as duly presented, rendered or delivered when mailed by post-paid registered or ordinary mail or when sent by electronic medium or such other method mutually agreed upon between the parties. The material so sent shall be addressed to the pertinent party at its last known post office address, or at such other address as either party may

designate.

GENERAL TERMS AND CONDITIONS

17. MODIFICATION

No modification of the terms and provisions of an executed FT or IT Agreement shall be made except by the execution of a superseding service agreement or the execution of a superseding exhibit thereto.

18. NONWAIVER AND FUTURE DEFAULT

No waiver by either Transporter or Shipper of any one or more defaults by the other in the performance of any provision of an FT or IT Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

19. APPLICABLE REGULATIONS

This Tariff, including these General Terms and Conditions, and the respective obligations of the parties under the FT or IT Agreements are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction and are subject to change from time to time by addition, amendment or substitution as provided by law.

20. CODE COMPLIANCE

Except as otherwise agreed by Transporter and Shipper, it shall be the Shipper's sole responsibility to purchase, install, operate, and maintain Shipper's facilities or equipment used for odorizing, handling, manufacturing, storing, transporting or distributing natural gas delivered to or received from Transporter in compliance with all applicable local, State, and Federal codes, rules, and regulations. Transporter shall not be held responsible for any damages resulting from Shipper's noncompliance even if such is known to Transporter.

21. INFORMATION AND COMMUNICATIONS REGARDING TRANSPORTATION SERVICES

21.1 Access to Internet website: Information about Transporter's system and its capacity shall be provided on Transporter's web site, accessible at www.NornewEnergySupply.com.

21.2 System and Service Information: Information on the availability, pricing, or other terms of the transportation services will be made available on Transporter's Internet website.

GENERAL TERMS AND CONDITIONS

21.3 Service Complaints: Shippers are encouraged to resolve any disputes informally with Transporter. A formal complaint concerning any transportation services offered by Transporter shall be directed in writing to President, Nornew Energy Supply, Inc., 2500 Tanglewilde, Suite 250, Houston, TX 77063-2124. Transporter will respond initially to the complaint within five Business Days, and in writing within thirty (30) days.

22. POLICY FOR CONSTRUCTION OF NEW RECEIPT OR DELIVERY FACILITIES

22.1 All requests for new interconnects must be made in writing. The party requesting the new interconnect shall reimburse Transporter or cause Transporter to be reimbursed for any and all reasonable costs and expenses incurred in designing, constructing, establishing or modifying the facilities required to establish a new interconnection on existing facilities for receipt or delivery of gas hereunder. In this regard, all new receipt and delivery meters shall require electronic gas measurement which shall be owned by Transporter and all new delivery meters shall require a flow control device with pressure override features that can be remotely operated by Transporter. Unless otherwise agreed by the parties, Transporter shall be the custody transfer party at the proposed facility. Transporter shall respond to requests for new interconnections within 90 days of receipt of a complete written request.

22.2 In addition to the requirements in Section 22.1, Transporter will agree to construct a new interconnect or modify an existing interconnect on the following terms:

(a) The construction of the new interconnect will not create any significant operational problems for Transporter;

(b) The proposed interconnect will not adversely affect the rendition of existing service or adversely alter the operation of the pipeline system;

(c) The new interconnect must be at a mutually agreeable location on the Transporter system; provided, however, that Transporter may not deny a customer's request for specific placement of the interconnect without adequate operational, environmental, or legal justification;

(d) In order to properly and prudently design and size the new interconnect, Transporter must be provided with reasonable and reliable data concerning the interconnecting facilities, including delivery pressures, and anticipated hourly, daily, monthly and annual volume levels of the

GENERAL TERMS AND CONDITIONS

Section 22.2 continued

service that supports the new interconnect and such other data as is reasonably required to construct the interconnect facility;

(e) The new interconnect must not result in any minimum pressure receipt or delivery requirement by Transporter, unless Transporter agrees otherwise, such agreement shall not be unreasonably withheld, and Transporter shall not be responsible for any downstream parties' facilities, the operation or maintenance of such facilities, or the delivery of any unauthorized volumes to the facilities;

(f) The service supporting the interconnect as well as the construction of the new facilities must conform with the provisions of Transporter's FERC Gas Tariff, Original Volume No. 1 as well as applicable regulatory requirements;

(g) The proposed interconnect must not cause Transporter to be in violation of any applicable environmental or safety laws or regulations with respect to the facilities required to establish an interconnect with Transporter's existing facilities; and

(h) The proposed interconnect must not cause Transporter to be in violation of its right-of-way agreements or any other contractual obligations with respect to the interconnect facilities.

23. INCORPORATION IN RATE SCHEDULES AND SERVICE AGREEMENTS

These General Terms and Conditions are incorporated in and are a part of Transporter's Rate Schedules and Service Agreements. To the extent that any provision of an FT or IT Agreement conflicts with any provision of the corresponding rate schedule, the provisions in the Rate Schedule shall govern. To the extent that any provision in either an FT or IT Agreement or a Rate Schedule conflicts with any of Transporter's General Terms and Conditions, Transporter's General Terms and Conditions shall govern unless waived.

24. DISPOSITION OF EXCESS GAS

Transporter may make interruptible sales of gas from time to time to provide fuel and use quantities to Shippers. Further, in order to alleviate conditions that threaten the integrity

GENERAL TERMS AND CONDITIONS

Section 24 continued

of its system, Transporter may periodically acquire quantities of gas that are excess to system needs. Transporter shall have the right to make interruptible sales of such excess gas from time to time at system receipt points pursuant to the terms of the blanket certificate of public convenience and necessity granted to Transporter pursuant to 18 C.F.R. Section 284.284 and Order No. 636 of the Federal Energy Regulatory Commission. Such sales shall be made under rates, terms and conditions mutually agreed upon between Transporter and purchasers, provided, however, that all such sales shall be fully interruptible and shall be curtailable pro rata without regard to underlying transportation arrangements made by purchasers.

25. DISCOUNTING POLICY

Transporter may, from time to time, selectively adjust any or all of the rates charged to any individual shipper for service under Part 284 of the Commission's regulations for which maximum and minimum rates are stated in this FERC Gas Tariff. Agreements providing for discount transportation rates shall be distinguished from agreements for service at negotiated rates or recourse rates.

26. GAS INDUSTRY STANDARDS BOARD ("GISB") STANDARDS

Pursuant to Order Nos. 587, et seq., promulgated by the FERC in Docket No. RM96-1, for GISB Standards that do not otherwise require implementing tariff provisions, the following GISB Standards are hereby incorporated, by reference to the GISB Standard Number and version, into Transporter's FERC Gas Tariff.

GISB Standards (Version 1.4): 0.1.1, 1.1.1, 1.1.2, 1.1.3, 1.1.4, 1.1.5, 1.1.6, 1.1.7, 1.1.8, 1.1.9, 1.1.10, 1.1.11, 1.1.12, 1.1.13, 1.1.14, 1.1.15, 1.1.16, 1.1.17, 1.1.18, 1.1.19, 1.2.1, 1.2.2, 1.2.3, 1.2.5, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.12, 1.3.2(vi), 1.3.3., 1.3.4, 1.3.5, 1.3.8, 1.3.9, 1.3.15, 1.3.16, 1.3.17, 1.3.18, 1.3.19, 1.3.20, 1.3.21, 1.3.23, 1.3.24, 1.3.25, 1.3.26, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.32, 1.3.33, 1.3.34, 1.3.35, 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, 1.3.51, 2.2.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.8, 2.3.10, 2.3.12, 2.3.13, 2.3.15, 2.3.19, 2.3.20, 2.3.22, 2.3.23, 2.3.24, 2.3.27, 2.3.29, 2.3.30, 3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.9, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.14, 3.3.16, 3.3.17, 3.3.20, 3.3.21, 3.3.25, 5.2.1, 5.3.4, 5.3.5, 5.3.9, 5.3.17, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.23, 5.3.27, 5.3.28, 5.3.29, 5.3.33, 5.3.39, 5.3.40, 5.3.41, 5.3.42

GENERAL TERMS AND CONDITIONS

27. NON-CONFORMING NEGOTIATED RATES

27.1 Authority and Conditions: The rate or rates to be charged for service pursuant to any rate schedule contained in this Tariff may deviate in form or level from the maximum-to-minimum ranges set forth on Schedule of Rates To Be Charged sheets of this Tariff, provided:

(a) Transporter and Shipper have executed a valid service agreement agreeing to such non-conforming negotiated rate(s) or rate formula,

(b) At the time of execution of such service agreement or amendment agreeing to the non-conforming negotiated rate(s) or rate formula, Shipper had access to service pursuant to this Tariff at the rates then set forth on Schedule of Rates To Be Charged sheet(s), and

(c) Prior to commencing service at such non-conforming negotiated rate(s) or rate formula, Transporter will have filed a tariff sheet advising the Commission of such agreement, stating the exact legal name of Shipper and specifying the rate or rate formula included in such agreement,

27.2 Impact on Capacity Allocation: To the extent the revenue level pursuant to the non-conforming negotiated rate(s) or rate formula provided for in Section 27.1 above should exceed the maximum rate for such service stated on Schedule of Rates To Be Charged sheets of this Tariff, Shipper, paying such nonconforming rate(s) shall be treated, for capacity-allocation purposes, and for purposes of evaluating bids pursuant to Article 11 of these General Terms and Conditions, as if the rate(s) paid had been equal to the maximum rate for such service stated on Schedule of Rates To Be Charged sheet(s) of this Tariff. The highest rate the Shipper must match for the right of first refusal purposes is the maximum rate set forth in this Tariff. Any Shipper, existing or new, paying the maximum tariff rate(s) has the same right to capacity as a Shipper willing to pay a higher negotiated rate(s). If the negotiated rate(s) is higher than the corresponding maximum recourse rate(s), the negotiated rate(s) cannot be used as the price cap for release capacity pursuant to Article 11 of these General Terms and Conditions.

27.3 Accounting for Costs and Revenues: The allocation of costs to, and recording of revenues from service at non-conforming negotiated rate(s) or rate formula(s) will follow Transporter's normal practices associated with all of Transporter's services under this Tariff. Should Transporter institute any revenue tracker or other device to flow through currently to its Shippers the impact of interruptible or other transportation transactions,

GENERAL TERMS AND CONDITIONS

Section 27.3 continued

the treatment in such tracker of revenues from non-conforming negotiated rate(s) or rate formula(s) shall be specified in such tracker provision.

27.4 (a) Treatment of discounts: Subject to the limitations set forth below, Transporter may seek to include non-conforming negotiated rates in a discount type adjustment to the level of Transporter's recourse rates in general rate changes initiated by Transporter under Section 4 of the Natural Gas Act and rate changes initiated by others under Section 5 of the Natural Gas Act. Transporter may seek to include non-conforming negotiated rates in such recourse rate adjustment whenever the rate for service is below the posted maximum rate for service under the applicable rate schedule for all or part of the 12-month base period and/or the nine month adjustment period for such rate change proceeding. However, if the non-conforming negotiated rate agreement(s) was/were not in effect during the base period, such discount may still be requested in the recourse rate adjustment when the rate for service under the non-conforming negotiated rate agreement is projected to be in effect with rates below the otherwise applicable maximum recourse rate as of the end of the 9-month adjustment period applicable to such rate proceeding. A discount adjustment to recourse rates shall only be allowed to the extent that Transporter can meet the standards required of an affiliate discount type adjustment including requiring that the Transporter shall have the burden of proving that any discount granted is required to meet competition.

Transporter shall be required to demonstrate that any discount type adjustment does not have an adverse impact on recourse rate shippers by: (i) demonstrating that, in the absence of Transporter's entering into such non-conforming negotiated rate agreement providing for such discount, Transporter would not have been able to contract for such capacity at any higher rate, and that recourse rates would otherwise be as high or higher than recourse rates which result after applying the discount adjustment; or (ii) making another comparable showing that the non-conforming negotiated rate discount contributes more fixed costs to the system than could have been achieved without the discount.

(b) Transporter may also seek to include in a discount-type adjustment non-conforming negotiated rate agreements that were converted from pre-existing discounted Part 284 agreements to non-conforming negotiated rate agreements.

(c) Transporter will distinguish between negotiated rate Shippers and recourse rate or discounted rate Shippers at the time Transporter and Shipper enter into a

discount or
negotiated rate transaction.

Effective Date: 03/17/2002 Status: Effective
FERC Docket: CP01- 94-003

Original Sheet No. 62 Original Sheet No. 62 : Superseded

FORM OF SERVICE AGREEMENT

Applicable to Rate Schedules FT and IT
Service Agreement No. _____
Control No. _____

SERVICE AGREEMENT

THIS AGREEMENT, made and entered into this ____ day of _____, 20__, by and between Nornew Energy Supply, Inc. ("Transporter") and _____ ("Shipper").

WITNESSETH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Service to be Rendered. Transporter shall perform and Shipper shall receive service in accordance with the provisions of the effective _____ Rate Schedule and applicable General Terms and Conditions of Transporter's FERC Gas Tariff, Original Volume No. 1 (Tariff), on file with the Federal Energy Regulatory Commission (Commission), as the same may be amended or superseded in accordance with the rules and regulations of the Commission. The maximum obligation of Transporter to deliver gas hereunder to or for Shipper, the designation of the points of delivery at which Transporter shall deliver or cause gas to be delivered to or for Shipper, and the points of receipt at which Shipper shall deliver or cause gas to be delivered, are specified in Appendix A, as the same may be amended from time to time by agreement between Shipper and Transporter, or in accordance with the rules and regulations of the Commission. Service hereunder shall be provided subject to the provisions of Part 284, Subpart B of the Commission's regulations. Shipper warrants that service hereunder is being provided on behalf of _____, a local distribution company or an intrastate pipeline. For Part 284, Subpart G service, Shipper warrants that service hereunder is being provided on behalf of _____, an interstate pipeline or Shipper.

Section 2. Term. Service under this Agreement shall commence as of _____ and shall continue in full force and effect until _____.

Pre-granted abandonment shall apply upon termination of this Agreement, subject to any right of first refusal Shipper may have under the Commission's regulations and Transporter's Tariff. [Transporter and Shipper agree that Shipper has a right of first refusal.]

Effective Date: 03/17/2002 Status: Effective
FERC Docket: CP01- 94-003

Original Sheet No. 63 Original Sheet No. 63 : Superseded

FORM OF SERVICE AGREEMENT
continued

Section 3. Rates. Shipper shall pay Transporter the charges and furnish Retainage as described in the above-referenced Rate Schedule, unless otherwise agreed to by the parties in writing and as specified below.

[negotiated rate or formula if appropriate]

Section 4. Notices. Notices to Transporter under this Agreement shall be addressed to:

Nornew Energy Supply, Inc.
2500 Tanglewilde
Suite 250
Houston, TX 77063-2124

and notices to Shipper shall be addressed to it at

Attention: _____,

until changed by either party by written notice.

NORNEW ENERGY SUPPLY, INC.

By: _____ By: _____
Title: _____ Title: _____

Revision No. _____
Control No. _____

Effective Date: 03/17/2002 Status: Effective
FERC Docket: CP01- 94-003

Original Sheet No. 64 Original Sheet No. 64 : Superseded

FORM OF SERVICE AGREEMENT
continued

Effective Appendix A to Service Agreement No. _____
Under Rate Schedule _____ between Nornew Energy Supply, Inc. (Transporter)
and _____ (Shipper)

Transportation Reservation _____ Dth/day

Primary Receipt Points
Point No.
Point Name
Maximum Daily Quantity (Dth/day)
Receipt Point Pressure

Primary Delivery Points
Point No.
Point Name
Maximum Daily Quantity (Dth/day)
Delivery Point Pressure

Balancing Party

New Facilities

Other

Service changes pursuant to this Appendix A shall become effective as of
_____, 20__ . This Appendix A shall cancel and supersede the
previous
Appendix A effective as of _____, 20__ to the Service Agreement
referenced
above. With the exception of this Appendix A, all other terms and conditions
of said
Service Agreement shall remain in full force and effect.

SHIPPER Nornew Energy Supply, Inc.

By _____ By: _____
Its _____ Its _____
Date _____ Date _____

Effective Date: 03/17/2002 Status: Effective
FERC Docket: CP01- 94-003

Original Sheet No. 65 Original Sheet No. 65 : Superseded

FORM OF RELEASED TRANSPORTATION SERVICE AGREEMENT

(Applicable to firm transportation rights released pursuant to Section 11 of Transporter's General Terms and Conditions.)

THIS Contract is made and entered into this ____ day of _____, 20__ by and between NORNEW ENERGY SUPPLY, INC., a New York corporation, hereinafter called "Transporter" and _____, a _____ Corporation, hereinafter variously called "Bidder" or "Replacement Shipper." Transporter and Bidder shall be referred to herein individually as "Party" and collectively as "Parties."

WHEREAS, Transporter owns and operates an interstate natural gas transmission system and provides transportation services for third party shippers on such system;

WHEREAS, Transporter's Tariff on file with the Federal Energy Regulatory Commission permits shippers under Transporter's Rate Schedule FT to release some or all of their transportation rights under the terms and conditions prescribed in Transporter's Tariff;

WHEREAS, Bidder desires to enter into prearranged release agreements and/or submit bidding to acquire transportation rights released by one or more firm shippers and Transporter's Tariff requires Bidder to enter into this Released Transportation Service Contract as a pre-condition to prearranged releases or to the submission of any such Bids; and

WHEREAS, Transporter is willing to enter into this Agreement with Bidder and provide transportation service to Bidder as a Replacement Shipper to the extent it obtains released transportation rights;

NOW THEREFORE, in consideration of the mutual covenants and agreements as herein set forth, the Parties agree as follows:

ARTICLE I - DEFINITIONS

The definitions found in Section 1 of Transporter's General Terms and Conditions are incorporated herein by reference.

FORM OF RELEASED TRANSPORTATION SERVICE AGREEMENT
continued

ARTICLE II - RELEASED TRANSPORTATION RIGHTS

In the event transportation rights are released to Bidder after bidding or the exercise of matching rights, Transporter shall prepare and submit to Bidder an Exhibit "R-_____" (initially, "R-1") setting forth the maximum daily quantity of the released transportation service ("Release Quantity"), applicable receipt and delivery points, the rates to be paid for service using released rights, the name of the Rate Schedule governing such released transportation rights ("Governing Rate Schedule") and any special terms and conditions applicable to the release, including conditions of curtailment or recall. If Replacement Shipper subsequently obtains additional released transportation rights pursuant to the terms and conditions of Transporter's Tariff, an additional exhibit (designated sequentially as Exhibit R-2, Exhibit R-3, etc.) shall be added to this Agreement for each such award of transportation rights. Each such Exhibit shall be added to this Agreement without any requirement of execution by Replacement Shipper (except in the case of prearranged transactions to be executed prior to submission to Transporter) and, upon such addition, shall be incorporated in and be considered a part of this Agreement. In the case of prearranged release transactions, Releasing Shipper shall prepare the Exhibit R-_____ with all terms set forth therein; and, after execution by Replacement Shipper, such Exhibit shall be submitted to Transporter with the Release Request. If consistent with the tariff and not superseded by a higher third-party or matching bid, such Exhibit R-_____ will be accepted and incorporated into this Agreement.

ARTICLE III - GOVERNING TERMS AND CONDITIONS

This Agreement shall be subject to, governed by, and shall incorporate the applicable provisions of Transporter's Tariff, including, without limitation, Section 11 of the General Terms and Conditions thereof, the Governing Rate Schedule, and the special terms and conditions stated in each Exhibit hereto with respect to the released transportation rights described in such Exhibit. Subject to the terms, conditions, and limitations of this Agreement and Transporter's Tariff, Replacement Shipper shall be deemed a Shipper for purposes of the Governing Rate Schedule and the applicable provisions of Transporter's Tariff and shall be subject to all obligations thereof.

ARTICLE IV - TERM

This Agreement shall become effective on the date first written above and shall remain in force and effect until terminated by either Party upon thirty days prior written notice to

the other party; provided however, no such termination may take effect during the term of any release of transportation rights to Replacement Shipper hereunder.

FORM OF RELEASED TRANSPORTATION SERVICE AGREEMENT
continued

ARTICLE V - SUCCESSORS AND ASSIGNS

5.1 Either Party may assign or pledge this Agreement and all rights and obligations hereunder under the provisions of any mortgage, deed of trust, indenture, or other instrument that it has executed or may execute hereafter as security for indebtedness; otherwise, Shipper shall not assign this Agreement or any of its rights and obligations hereunder.

5.2 Any person or entity that shall succeed by purchase, transfer, merger, or consolidation to the properties, substantially or as an entirety, of either Party hereto shall be entitled to the rights and shall be subject to the obligations of its predecessor in interest under this Agreement.

ARTICLE VI - REPLACEMENT SHIPPER'S INDEMNIFICATION

Replacement Shipper recognizes that its rights to transportation service hereunder are solely those rights released by Releasing Shipper(s). The Replacement Shipper agrees that it will indemnify Transporter against any claim or suit of any kind by any Releasing Shipper, its successor or assigns arising from any action taken by Transporter in reliance upon the nominations, scheduling instructions or other communications from Replacement Shipper or its agents. Replacement Shipper further agrees that it will hold Transporter harmless for any action taken by Transporter in reliance upon the nominations, scheduling instructions or other communications of the Releasing Shipper or its agents. Replacement Shipper further recognizes and agrees that Transporter shall have no obligation to honor any nomination or scheduling request from Replacement Shipper or its agents that in Transporter's sole opinion conflicts with communications or instructions received by Transporter from the Releasing Shipper (or its agents) which is the source of the released transportation rights sought to be utilized by Replacement Shipper hereunder.

ARTICLE VII - MISCELLANEOUS PROVISIONS

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

7.2 The headings of the articles of this Agreement are inserted for convenience of reference only and shall not affect the meaning or construction thereof.

Effective Date: 03/17/2002 Status: Effective
FERC Docket: CP01- 94-003

Original Sheet No. 68 Original Sheet No. 68 : Superseded

FORM OF RELEASED TRANSPORTATION SERVICE AGREEMENT
continued

7.3 THE INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CHOICE OF LAW DOCTRINE THAT REFERS TO THE LAWS OF ANOTHER JURISDICTION.

7.4 This Agreement, including all provisions expressly incorporated by reference, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, representations, and understandings, written or oral, pertaining thereto. Except as otherwise provided herein, any modifications, amendments or changes to this Agreement shall be binding upon the parties only if agreed upon in a written instrument executed by both Parties which expressly refers to this Agreement.

7.5 Except for changes specifically authorized pursuant to this Agreement, no modification of or supplement to the terms and conditions hereof shall be or become effective until Shipper has submitted a request for change to Transporter and Shipper has been notified by Transporter of Transporter's agreement to such change.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first set forth above.

Nornew Energy Supply, Inc.
2500 Tanglewilde
Suite 250
Houston, TX 77063-2124

(Transporter)

BY _____
TITLE: _____

(Replacement Shipper)

BY _____
TITLE: _____

Effective Date: _____

Effective Date: 03/17/2002 Status: Effective
FERC Docket: CP01-94-003

Original Sheet No. 69 Original Sheet No. 69 : Superseded

FORM OF RELEASED TRANSPORTATION SERVICE AGREEMENT
continued

EXHIBIT R-1 to the Released Transportation Service Agreement between Nornew Energy Supply, Inc. (Transporter) and _____ (Replacement Shipper) dated _____.

Release Quantity: _____ Bid Rate: _____
Term: _____
Releasing Shipper: _____
Commencement Date: _____ Expiration Date: _____

Nos.	Max. Receipt Quantity	Primary Receipt Points	Meter
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Nos.	Max. Receipt Quantity	Primary Receipt Points	Meter
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Additional Conditions of Release:

Notices shall be made to:
Nornew Energy Supply, Inc.
2500 Tanglewilde
Suite 250
Houston, TX 77063-2124

Effective Date: 03/17/2002 Status: Effective
FERC Docket: CP01- 94-003

Original Sheet No. 70 Original Sheet No. 70 : Superseded

FORM OF RELEASED TRANSPORTATION SERVICE AGREEMENT
continued

Replacement Shipper (contact person with address, including email, phone and fax):

Releasing Shipper (contact person with address, including email, phone and fax):

Signature:

For Replacement Shipper
Name:
Title:
Date:

Effective Date: 03/17/2002 Status: Effective
FERC Docket: CP01- 94-003

Original Sheet No. 71 Original Sheet No. 71 : Superseded

FORM OF PRE-ASSIGNMENT AGREEMENT
(Applicable to permanent assignment of firm transportation rights
pursuant
to Section 11 of Transporter's General Terms and Conditions)

THIS AGREEMENT is made and entered into this ____ day of _____, 20
by
and between NORNEW ENERGY SUPPLY, INC., a _____ corporation,
hereinafter called "Transporter" and _____, a

corporation, hereinafter called "Assignment Bidder." Transporter and
Assignment Bidder
shall be referred to herein individually as "Party" and collectively as
"Parties."

WHEREAS, Transporter owns and operates an interstate natural gas transmission
system
and provides transportation service for third party shippers on such system;

WHEREAS, Transporter's Tariff on file with the Federal Energy Regulatory
Commission
permits firm transportation shippers under Transporter's Rate Schedule FT to
release
some or all of their transportation rights for permanent assignment under the
terms and
conditions prescribed in Transporter's Tariff;

WHEREAS, Assignment Bidder desires to submit bids for transportation rights
released
for permanent assignment and Transporter's Tariff requires Assignment Bidder
to enter
into this Pre-Assignment Agreement as a pre-condition to the submission of
any such
Bids; and

WHEREAS, Transporter is willing to enter into this Agreement with Assignment
Bidder
and provide transportation service to Assignment Bidder to the extent it
obtains released
transportation/storage rights;

NOW THEREFORE, in consideration of the mutual covenants and agreements as
herein
set forth, the Parties agree as follows:

ARTICLE I - DEFINITIONS

The definitions found in Section 1 of Transporter's General Terms and
Conditions are
incorporated herein by reference.

FORM OF PRE-ASSIGNMENT AGREEMENT
continued

ARTICLE II - FIRM TRANSPORTATION AGREEMENT

In the event transportation rights are assigned to Assignment Bidder pursuant to Section 11 of Transporter's General Terms and Conditions, Transporter shall submit to Assignment Bidder a Firm Transportation Service Agreement in the included in Transporter's Tariff ("FT Agreement"), setting forth the Release Quantity, applicable receipt and delivery points, applicable rate, and the name of the Rate Schedule governing such released transportation rights ("Governing Rate Schedule"). Assignment Bidder shall execute and return the FT Agreement, as applicable, within 7 days of its transmittal.

ARTICLE III - GOVERNING TERMS AND CONDITIONS

This Agreement shall be subject to, shall be governed by, and shall incorporate the applicable provisions of Transporter's Tariff, including, without limitation, Section 11 of Transporter's General Terms and Conditions, and the Governing Rate Schedule.

ARTICLE IV - TERM

This Agreement shall become effective on the date first written above and shall remain in force and effect until the later of (a) the date that Assignment Bidder returns to Transporter an executed FT Agreement, as applicable, in the form in which it was sent to Assignment Bidder or (b) thirty days following written notice by either Party of its intent to terminate this Agreement.

ARTICLE V - NOTICES

Notice given under this Agreement shall be given in accordance with Section 11 of Transporter's General Terms and Conditions. Written notice shall be considered as having been given if delivered personally, or if sent by confirmed facsimile or by mail with all postage and charges pre-paid to either Replacement Shipper or Transporter at the place designated. Routine non-operational communications shall be considered as duly delivered when mailed by ordinary mail. Normal operating instructions shall be posted on Transporter's Internet website unless otherwise indicated in Transporter's General Terms and Conditions or the Governing Rate Schedule. Unless changed by written notice to the other party, the addresses of the Parties are as follows:

Effective Date: 03/17/2002 Status: Effective
FERC Docket: CP01- 94-003

Original Sheet No. 73 Original Sheet No. 73 : Superseded

FORM OF PRE-ASSIGNMENT AGREEMENT
continued

Transporter: Nornew Energy Supply, Inc.
2500 Tanglewilde
Suite 250
Houston, TX 77063-2124

Assignment Bidder: _____

ARTICLE VI - ASSIGNMENT

6.1 Either Party may assign or pledge this Agreement and all rights and obligations hereunder under the provisions of any mortgage, deed of trust, indenture, or other instrument that it has executed or may execute hereafter as security for indebtedness; otherwise, Shipper shall not assign this Agreement or any of its rights and obligations hereunder.

6.2 Any person or entity that shall succeed by purchase, transfer, merger, or consolidation to the properties, substantially or as an entirety, of either Party hereto shall be entitled to the rights and shall be subject to the obligations of its predecessor in interest under this Agreement.

ARTICLE VII - MISCELLANEOUS PROVISIONS

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

7.2 The headings of the Articles of this Agreement are inserted for convenience of reference only and shall not affect the meaning or construction thereof.

7.3 THE INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CHOICE OF LAW DOCTRINE THAT REFERS TO THE LAWS OF ANOTHER JURISDICTION.

FORM OF PRE-ASSIGNMENT AGREEMENT
continued

7.4 This Agreement, including all provisions expressly incorporated by reference, constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, representations and understandings, written or oral, pertaining thereto. Except as otherwise provided herein, any modifications, amendments or changes to this Agreement shall be binding upon the Parties only if agreed upon in a written instrument executed by both Parties hereto which expressly refers to this Agreement.

7.5 Except for changes specifically authorized pursuant to this Agreement, no modification of or supplement to the terms and conditions hereof shall be or become effective until Shipper has submitted a request for change to Transporter and Shipper has been notified by Transporter of Transporter's agreement to such change.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first set forth above.

(Assignment Bidder) (Transporter) NORNEW ENERGY SUPPLY, INC.

By _____ By _____
Title: _____ Title: _____

FORM OF RELEASE REQUEST

Nornew Energy Supply, Inc.
FOR TRANSPORTER'S USE:
2500 Tanglewilde RELEASE
REQUEST NO. _____

Suite 250
Houston, TX 77063-2124
Attn: President

Re: Request to Release Rights to Firm Transportation Service

_____ ("Releasing Shipper") hereby submits its request to release rights held by Releasing Shipper under its Firm Transportation Service Agreement ("Service Agreement") with Nornew Energy Supply, Inc. ("Transporter"). Releasing Shipper proposes to release such rights pursuant to the terms and conditions of Section 11, as applicable of Transporter's General Terms and Conditions on file with the Federal Energy Regulatory Commission. The terms of the proposed release are as follows:

1. Releasing Shipper's Service Agreement number and responsible contact person for this Release Request:
2. Quantity of firm service rights to be released ("Release Quantity") (may be stated as

minimum/maximum range, and must be expressed in Dth per day for release of firm transportation):

3. Commencement Date and term of release (may be stated as range of acceptable terms):

4. Primary Receipt and Delivery Points
Firm Rights To Be Released

Number	Primary Receipt Points Meter At Such Point(s)
_____	_____
_____	_____
_____	_____

Firm Rights To Be Released

Number	Primary Receipt Points Meter At Such Point(s)
_____	_____
_____	_____
_____	_____

FORM OF RELEASE REQUEST
continued

5. All applicable rates, charges and surcharges for the release, including any minimum acceptable rates:

6. The transportation rights are proposed to be released on a:

Firm basis Recallable basis, with the conditions of interruption explained further below.

7. Any alternative non-discriminatory economic standard for determination of the award of transportation rights, including a tie-breaker to choose between bids of equal value:
Releasing Shipper may attach additional pages, as necessary, to stipulate the release terms and conditions. Additionally, if Releasing Shipper proposes to require any Replacement Shipper to execute an agreement with Releasing Shipper as a condition of the release, then a copy of such agreement must be submitted with this Release Request.

8. If Releasing Shipper has already obtained a Bidder that is prepared to accept all terms and conditions of this Release Request ("Pre-arranged Bidder"), Releasing Shipper must provide the following information:

(a) the complete legal name of the Pre-arranged Bidder, type of legal entity and state of incorporation:

(b) the rates and charges that the Pre-arranged Bidder agrees to pay for the Release Request:

(c) the term and the Release Quantity agreed to by the Pre-arranged bidder:

Term:
Release Quantity:

(d) other conditions of the release.

FORM OF RELEASE REQUEST
continued

9. If the release is subject to bidding, Releasing Shipper shall attach to the Release Request draft Exhibit R-_____ reflecting terms of the release (except price and identity of the Replacement Shipper which Transporter shall fill in following the close of the bidding period). In the case of a Prearranged Bidder (whether or not subject to bidding), the Releasing Shipper shall prepare an Exhibit R-_____ and the Prearranged Bidder shall execute such Exhibit prior to the Releasing Shipper's submission to Transporter. The executed Exhibit R-_____ shall be submitted with the Release Request. Releasing Shipper understands that Transporter reserves the right to invalidate any Release Request within three (3) days of its posting on its Internet website to the extent it is incomplete or fails to conform in any manner to the requirements of Transporter's Tariff. Releasing Shipper, by the signature of its authorized representative, represents and certifies to Transporter that 1) the individual signing below is authorized to sign this Release Request for Releasing Shipper; 2) the information above is true, complete and correct; 3) Releasing Shipper agrees irrevocably to release the transportation rights described herein on the terms and conditions set forth herein if this Release Request is accepted by a Bidder to the successful Bidder; and 4) if this Release Request includes a Pre-arranged Bidder, the Pre-arranged Bidder has agreed irrevocably to accept the transportation rights described herein on the terms and conditions set forth herein.

Submitted this _____ day of _____, 20__.

(Shipper)

By: _____
Title: _____

Effective Date: 03/17/2002 Status: Effective
FERC Docket: CP01- 94-003

Original Sheet No. 78 Original Sheet No. 78 : Superseded

FORM OF BID FORM FOR RELEASED TRANSPORTATION SERVICE

Nornew Energy Supply, Inc.
2500 Tanglewilde
Suite 250
Houston, TX 77063-2124
Attn: President

Re: Bid on Released Rights to Transportation Service ("Bidder") hereby submits its Bid to obtain transportation rights specified in the Release Request identified below. The terms of this Bid are as follows:

1. Complete legal name of Bidder, type of legal entity and state of incorporation:
2. Transportation contract number of Releasing Shipper and Release Request number to which the Bid relates:
3. Quantity of service desired by Bidder (must be expressed in Dth per day for bid for firm transportation service):
4. The rate Bidder proposes to pay for the released transportation rights:
5. Term for which Bidder desires to obtain the released transportation rights:

Bidder understands that Transporter reserves the right to invalidate any Bid within three (3) days of its posting on Transporter's Internet website to the extent it is incomplete or fails to conform in any manner to the requirements of Transporter's Tariff.

Bidder, by the signature of its authorized representative, represents and certifies to Transporter that 1) the individual signing below is authorized to sign this Bid for Bidder; 2) the information above is true, complete and correct; and 3) Bidder accepts all terms and conditions of the Release Request.

Submitted this ____ day of _____, 20__

(Bidder)

BY: _____

TITLE: _____

