

FERC GAS TARIFF

SECOND REVISED VOLUME NO. 1-A
(Superseding First Revised Volume No. 1-A)

of

EL PASO NATURAL GAS COMPANY

Filed With

Federal Energy Regulatory Commission

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Special rate schedules consisting of individual contracts between El Paso and various interstate pipeline system customers covering special gas transportation or exchange of natural gas. A detailed index of rate schedules is included in El Paso's FERC Gas Tariff, Third Revised Volume No. 2.

PRELIMINARY STATEMENT

El Paso Natural Gas Company, hereinafter referred to as "El Paso" or "Transporter" is a "natural gas company" as defined by the Natural Gas Act (52 Stat. 821, 15 U.S.C. 717-717w) and, as such, is subject to the jurisdiction of the Federal Energy Regulatory Commission, hereinafter referred to as "FERC" or "Commission." As used herein, "El Paso" shall not include any of El Paso's affiliates.

~~El Paso's jurisdictional sales for resale operations are described in the Preliminary Statement contained in Volume No. 1 of El Paso's FERC Gas Tariff.~~

El Paso is in the business of providing jurisdictional transportation services to or for others as an open-access transporter under authority of Part 284 of the Commission's Regulations pursuant to written contracts containing or incorporating by reference terms and conditions which are acceptable to El Paso. El Paso also provides jurisdictional transportation services on behalf of various shippers pursuant to pre-existing individual contracts which were entered into prior to the effective date of this Volume No. 1-A FERC Gas Tariff. Said pre-existing individual contracts, insofar as they provide for transportation services other than those open-access services which El Paso has agreed to provide under authority of Part 284 of the Commission's Regulations, have and will continue, after the effective date of ~~the~~this Volume No. 1-A FERC Gas Tariff, to be included as special rate schedules in El Paso's Volume No. 2 FERC Gas Tariff. ~~El Paso specifically disclaims any undertaking on its part to provide service as a common or public carrier of natural gas or other goods for hire. Services which El Paso may provide under compulsion of emergency circumstances involving public or private need or of governmental directive shall not serve to constitute El Paso a common or public carrier of natural gas or other goods for hire.~~

This FERC Gas Tariff is filed in compliance with Part 154, Subchapter E, Chapter I, Title 18, of the Code of Federal Regulations.

This Tariff Sheet illustrating El Paso's Transportation System is to be submitted only in a "hard copy" format. The electronic media version is submitted for informational purposes only and serves to mark the location of the map in the electronic version of the Tariff.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

RATE SCHEDULE IT-1 (INTERRUPTIBLE TRANSPORTATION SERVICE)

| | MAXIMUM 1/ | MINIMUM 1/ |
|---|-----------------|-----------------|
| <u>Production Area</u> | <u>\$0.1482</u> | <u>\$0.0013</u> |
| <u>Texas</u> | <u>\$0.3554</u> | <u>\$0.0165</u> |
| <u>New Mexico</u> | <u>\$0.4205</u> | <u>\$0.0126</u> |
| <u>Arizona</u> | <u>\$0.5673</u> | <u>\$0.0166</u> |
| <u>Nevada</u> | <u>\$0.5564</u> | <u>\$0.0164</u> |
| <u>California</u> | <u>\$0.6126</u> | <u>\$0.0180</u> |
| <u>Samalayuca Lateral Line Facilities Charge</u> | <u>\$0.0644</u> | <u>\$0.0000</u> |
| <u>Willcox Lateral Line Facilities Charge</u> | <u>\$0.2737</u> | <u>\$0.0000</u> |
| <u>Mainline Backhaul 4/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)</u> | | |

Fuel and L&U See Sheet No. 29.

See Footnotes on Sheet No. 28.
 ACA surcharge is shown in Footnote 1.

RATE SCHEDULE IT 1 (INTERRUPTIBLE TRANSPORTATION SERVICE)

| Rate To: PRODUCTION AREA | MAXIMUM | MINIMUM |
|---------------------------|----------|----------|
| From Receipt Basin: Usage | | |
| San Juan | \$0.1177 | \$0.0030 |
| Permian | \$0.1177 | \$0.0030 |
| Anadarko | \$0.1177 | \$0.0030 |
| California | \$0.3260 | \$0.0138 |
| Rate To: TEXAS | MAXIMUM | MINIMUM |
| From Receipt Basin: Usage | | |

| | | |
|------------|----------|----------|
| San Juan | \$0.1710 | \$0.0031 |
| Permian | \$0.1742 | \$0.0063 |
| Anadarko | \$0.1751 | \$0.0072 |
| California | \$0.3260 | \$0.0138 |

Rate To: NEW MEXICO

M A X I M U M M I N I M U M

| From Receipt Basin: | Usage | Usage |
|---------------------|----------|----------|
| San Juan | \$0.2091 | \$0.0154 |
| Permian | \$0.2096 | \$0.0159 |
| Anadarko | \$0.2186 | \$0.0249 |
| California | \$0.3260 | \$0.0138 |

Rate To: ARIZONA

M A X I M U M M I N I M U M

| From Receipt Basin: | Usage | Usage |
|---------------------|----------|----------|
| San Juan | \$0.2831 | \$0.0204 |
| Permian | \$0.2860 | \$0.0233 |
| Anadarko | \$0.2941 | \$0.0314 |
| California | \$0.3260 | \$0.0138 |

Rate To: NEVADA

M A X I M U M M I N I M U M

| From Receipt Basin: | Usage | Usage |
|---------------------|----------|----------|
| San Juan | \$0.2856 | \$0.0194 |
| Permian | \$0.3040 | \$0.0378 |
| Anadarko | \$0.3077 | \$0.0415 |
| California | \$0.3260 | \$0.0138 |

Rate To: CALIFORNIA

M A X I M U M M I N I M U M

| From Receipt Basin: | Usage | Usage |
|---------------------|----------|----------|
| San Juan | \$0.3298 | \$0.0176 |
| Permian | \$0.3481 | \$0.0359 |
| Anadarko | \$0.3526 | \$0.0404 |
| California | \$0.3260 | \$0.0138 |

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

RATE SCHEDULE IHSW (INTERRUPTIBLE HOURLY SWING SERVICE)

| | MAXIMUM 1/ | MINIMUM 1/ |
|-----------------|------------|------------|
| Production Area | \$0.0922 | \$0.0015 |
| Texas | \$0.2444 | \$0.0193 |
| New Mexico | \$0.2881 | \$0.0147 |
| Arizona | \$0.3927 | \$0.0194 |
| Nevada | \$0.3851 | \$0.0192 |

Mainline Backhaul 4/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)

RATE SCHEDULE ISS (INTERRUPTIBLE STORAGE SERVICE)

| | MAXIMUM 1/ | MINIMUM 1/ |
|--|------------|------------|
| Storage Inventory Rate (applied monthly to the average daily balance of gas in storage for Shipper's account during the month) | \$0.0664 | \$0.0000 |
| Quantity Injection Rate | \$0.0345 | \$0.0345 |
| Quantity Withdrawal Rate | \$0.0317 | \$0.0317 |

Fuel See Sheet No. 29.

 See Footnotes on Sheet No. 28.
 ACA surcharge is shown in Footnote 1.

RATE SCHEDULE IT 1 (INTERRUPTIBLE TRANSPORTATION SERVICE)

| | M A X I M U M | M I N I M U M |
|--|--|---------------|
| | Usage | Usage |
| Mainline Shorthaul | \$0.1177 | \$0.0030 |
| | M A X I M U M | M I N I M U M |
| | Usage | Usage |
| Samalayuca Lateral Line Facilities Charge | \$0.0446 | \$0.0001 |
| Willecox Lateral Facilities Charge | \$0.1358 | \$0.0000 |
| Mainline Backhaul | (Rate identified above applicable to particular receipt and delivery points involved.) | |
| Fuel Charge | See Sheet No. 29. | |

~~STATEMENT OF RATES FOR
TRANSPORTATION OF NATURAL GAS
(Rates per dth)~~

~~RATE SCHEDULE FT 1 (FIRM TRANSPORTATION SERVICE)
MONTHLY RESERVATION CHARGES~~

| | MAXIMUM 6/ | MINIMUM |
|---|-----------------------|----------------------|
| A. Shorthaul | \$3.48845 | \$0.00000 |
| B. Production Area | \$3.48845 | \$0.00000 |
| C. Texas | \$5.10630 | \$0.00000 |
| D. New Mexico | \$5.89029 | \$0.00000 |
| E. Arizona | \$7.99156 | \$0.00000 |
| F. Nevada | \$8.09709 | \$0.00000 |
| G. California | \$9.49521 | \$0.00000 |
| Havasu Facilities | | |
| Reservation Charge 2/ | \$1.00856 | \$0.00000 |
| Samalayuca Lateral Line | | |
| Facilities Reservation Charge 3/ | \$1.35305 | \$0.00000 |
| Willecox Lateral Facilities | | |
| Reservation Charge 5/ | \$4.13000 | \$0.00000 |

~~See Footnotes on Sheet No. 28.~~

Reserved for future use.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

RATE SCHEDULE FT-1 (FIRM TRANSPORTATION SERVICE) 5/

| <u>MONTHLY 6/</u> | |
|--------------------|-----------|
| <u>Reservation</u> | |
| ----- | |
| Production Area | \$ 2.6805 |
| Texas | \$ 6.1848 |
| New Mexico | \$ 7.4440 |
| Arizona | \$10.0496 |
| Nevada | \$ 9.8547 |
| California | \$10.8519 |

| | <u>DAILY MAXIMUM 1/</u> | | <u>DAILY MINIMUM 1/</u> | |
|-----------------|-------------------------|--------------|-------------------------|--------------|
| | <u>Reservation</u> | <u>Usage</u> | <u>Reservation</u> | <u>Usage</u> |
| | ----- | | ----- | |
| Production Area | \$0.0881 | \$0.0013 | \$0.0000 | \$0.0013 |
| Texas | \$0.2033 | \$0.0165 | \$0.0000 | \$0.0165 |
| New Mexico | \$0.2447 | \$0.0126 | \$0.0000 | \$0.0126 |
| Arizona | \$0.3304 | \$0.0166 | \$0.0000 | \$0.0166 |
| Nevada | \$0.3240 | \$0.0164 | \$0.0000 | \$0.0164 |
| California | \$0.3568 | \$0.0180 | \$0.0000 | \$0.0180 |

Samalayuca Lateral Line Facilities Charge 2/

| | <u>MONTHLY 6/</u> | <u>DAILY MAXIMUM 1/</u> | | <u>DAILY MINIMUM 1/</u> | |
|--|--------------------|-------------------------|--------------|-------------------------|--------------|
| | <u>Reservation</u> | <u>Reservation</u> | <u>Usage</u> | <u>Reservation</u> | <u>Usage</u> |
| | ----- | ----- | | ----- | |
| | \$ 1.1760 | \$0.0387 | \$0.0000 | \$0.0000 | \$0.0000 |

Willcox Lateral Facilities Charge 3/

| | <u>MONTHLY 6/</u> | <u>DAILY MAXIMUM 1/</u> | | <u>DAILY MINIMUM 1/</u> | |
|--|--------------------|-------------------------|--------------|-------------------------|--------------|
| | <u>Reservation</u> | <u>Reservation</u> | <u>Usage</u> | <u>Reservation</u> | <u>Usage</u> |
| | ----- | ----- | | ----- | |
| | \$ 4.9949 | \$0.1642 | \$0.0000 | \$0.0000 | \$0.0000 |

Mainline Backhaul 4/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)

Fuel and L&U See Sheet No. 29.

 See Footnotes on Sheet No. 28.
 ACA surcharge is shown in Footnote 1.

DAILY CHARGES 4/

Received From: SAN JUAN BASIN

Rate To:

| | M A X I M U M 6/ | | | M I N I M U M | | |
|------------|------------------|----------|-----------|---------------|----------|----------|
| | Reservation | Usage | Total 1/ | Reservation | Usage | Total 1/ |
| Prod. Area | \$0.11469 | \$0.0030 | \$0.11769 | \$0.00000 | \$0.0030 | \$0.0030 |
| Texas | \$0.16788 | \$0.0031 | \$0.17098 | \$0.00000 | \$0.0031 | \$0.0031 |
| New Mexico | \$0.19365 | \$0.0154 | \$0.20905 | \$0.00000 | \$0.0154 | \$0.0154 |
| Arizona | \$0.26274 | \$0.0204 | \$0.28314 | \$0.00000 | \$0.0204 | \$0.0204 |
| Nevada | \$0.26621 | \$0.0194 | \$0.28561 | \$0.00000 | \$0.0194 | \$0.0194 |
| California | \$0.31217 | \$0.0176 | \$0.32977 | \$0.00000 | \$0.0176 | \$0.0176 |

Received From: PERMIAN

Rate To:

| | M A X I M U M 6/ | | | M I N I M U M | | |
|------------|------------------|----------|-----------|---------------|----------|----------|
| | Reservation | Usage | Total 1/ | Reservation | Usage | Total 1/ |
| Prod. Area | \$0.11469 | \$0.0030 | \$0.11769 | \$0.00000 | \$0.0030 | \$0.0030 |
| Texas | \$0.16788 | \$0.0063 | \$0.17418 | \$0.00000 | \$0.0063 | \$0.0063 |
| New Mexico | \$0.19365 | \$0.0159 | \$0.20955 | \$0.00000 | \$0.0159 | \$0.0159 |
| Arizona | \$0.26274 | \$0.0233 | \$0.28604 | \$0.00000 | \$0.0233 | \$0.0233 |
| Nevada | \$0.26621 | \$0.0378 | \$0.30401 | \$0.00000 | \$0.0378 | \$0.0378 |
| California | \$0.31217 | \$0.0359 | \$0.34807 | \$0.00000 | \$0.0359 | \$0.0359 |

Received From: ANADARKO

Rate To:

| | M A X I M U M 6/ | | | M I N I M U M | | |
|------------|------------------|----------|-----------|---------------|----------|----------|
| | Reservation | Usage | Total 1/ | Reservation | Usage | Total 1/ |
| Prod. Area | \$0.11469 | \$0.0030 | \$0.11769 | \$0.00000 | \$0.0030 | \$0.0030 |
| Texas | \$0.16788 | \$0.0072 | \$0.17508 | \$0.00000 | \$0.0072 | \$0.0072 |
| New Mexico | \$0.19365 | \$0.0249 | \$0.21855 | \$0.00000 | \$0.0249 | \$0.0249 |
| Arizona | \$0.26274 | \$0.0314 | \$0.29414 | \$0.00000 | \$0.0314 | \$0.0314 |
| Nevada | \$0.26621 | \$0.0415 | \$0.30771 | \$0.00000 | \$0.0415 | \$0.0415 |
| California | \$0.31217 | \$0.0404 | \$0.35257 | \$0.00000 | \$0.0404 | \$0.0404 |

Received From: CALIFORNIA

Rate To:

| | M A X I M U M 6/ | | | M I N I M U M | | |
|------------|------------------|----------|-----------|---------------|----------|----------|
| | Reservation | Usage | Total 1/ | Reservation | Usage | Total 1/ |
| Prod. Area | \$0.31217 | \$0.0138 | \$0.32597 | \$0.00000 | \$0.0138 | \$0.0138 |
| Texas | \$0.31217 | \$0.0138 | \$0.32597 | \$0.00000 | \$0.0138 | \$0.0138 |
| New Mexico | \$0.31217 | \$0.0138 | \$0.32597 | \$0.00000 | \$0.0138 | \$0.0138 |
| Arizona | \$0.31217 | \$0.0138 | \$0.32597 | \$0.00000 | \$0.0138 | \$0.0138 |
| Nevada | \$0.31217 | \$0.0138 | \$0.32597 | \$0.00000 | \$0.0138 | \$0.0138 |
| California | \$0.31217 | \$0.0138 | \$0.32597 | \$0.00000 | \$0.0138 | \$0.0138 |

~~STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS~~
 (~~Rates per dth~~)

~~RATE SCHEDULE FT 1 (FIRM TRANSPORTATION SERVICE) (Continued)~~
~~DAILY CHARGES 4/~~

~~Mainline Shorthaul~~

| M A X I M U M 6/ | | | M I N I M U M | | |
|-----------------------------|---------------------|----------------------|--------------------------|---------------------|---------------------|
| Reservation | Usage | Total 1/ | Reservation | Usage | Total 1/ |
| \$0.11469 | \$0.0030 | \$0.11769 | \$0.00000 | \$0.0030 | \$0.0030 |

~~Samalayuca Lateral Line Facilities Charge 3/~~

| M A X I M U M | | | M I N I M U M | | |
|--------------------------|---------------------|---------------------|--------------------------|---------------------|---------------------|
| Reservation | Usage | Total 1/ | Reservation | Usage | Total 1/ |
| \$0.0445 | \$0.0001 | \$0.0446 | \$0.00000 | \$0.0001 | \$0.0001 |

| | MAXIMUM RESERVATION | MINIMUM RESERVATION |
|--|--------------------------------|--------------------------------|
| Havasu Facil. Reserv. Charge 2/ | \$0.0332 | \$0.0000 |

~~(Usage charges, as identified above, will be applied for the particular receipt and delivery points involved.)~~

~~Willecox Lateral Facilities Charge 5/~~

| M A X I M U M | | | M I N I M U M | | |
|--------------------------|---------------------|----------------------|--------------------------|---------------------|---------------------|
| Reservation | Usage | Total 1/ | Reservation | Usage | Total 1/ |
| \$0.13580 | \$0.0000 | \$0.13580 | \$0.00000 | \$0.0000 | \$0.0000 |

~~Mainline Backhaul (Rate identified above applicable to particular receipt and delivery points involved.)~~

~~Fuel Charge See Sheet No. 29.~~

~~See Footnotes on Sheet No. 28.~~
~~ACA surcharge is shown in Footnote 1.~~

Reserved for future use.

~~Reserved for future use.~~
STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

RATE SCHEDULE FT-H (HOURLY FIRM TRANSPORTATION SERVICE
THREE HOUR ENHANCED SERVICE OPTION) 5/

MONTHLY 6/
Reservation

| | |
|------------------------|------------------|
| <u>Production Area</u> | <u>\$ 2.7271</u> |
| <u>Texas</u> | <u>\$ 6.5820</u> |
| <u>New Mexico</u> | <u>\$ 7.9671</u> |
| <u>Arizona</u> | <u>\$10.8332</u> |
| <u>Nevada</u> | <u>\$10.6188</u> |

| | <u>DAILY MAXIMUM 1/</u> | | <u>DAILY MINIMUM 1/</u> | |
|------------------------|-------------------------|-----------------|-------------------------|-----------------|
| | <u>Reservation</u> | <u>Usage</u> | <u>Reservation</u> | <u>Usage</u> |
| | ----- | | ----- | |
| <u>Production Area</u> | <u>\$0.0897</u> | <u>\$0.0014</u> | <u>\$0.0000</u> | <u>\$0.0014</u> |
| <u>Texas</u> | <u>\$0.2164</u> | <u>\$0.0182</u> | <u>\$0.0000</u> | <u>\$0.0182</u> |
| <u>New Mexico</u> | <u>\$0.2619</u> | <u>\$0.0139</u> | <u>\$0.0000</u> | <u>\$0.0139</u> |
| <u>Arizona</u> | <u>\$0.3562</u> | <u>\$0.0182</u> | <u>\$0.0000</u> | <u>\$0.0182</u> |
| <u>Nevada</u> | <u>\$0.3491</u> | <u>\$0.0181</u> | <u>\$0.0000</u> | <u>\$0.0181</u> |

Mainline Backhaul 4/ (Forward haul rate identified above applicable to
the delivery zone for which service is provided.)

Fuel and L&U See Sheet No. 29.

See Footnotes on Sheet No. 28.
ACA surcharge is shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

RATE SCHEDULE FT-H (HOURLY FIRM TRANSPORTATION SERVICE
TWELVE HOUR ENHANCED SERVICE OPTION) 5/

| <u>MONTHLY 6/</u> | |
|------------------------|------------------|
| <u>Reservation</u> | |
| ----- | |
| <u>Production Area</u> | <u>\$ 2.7582</u> |
| <u>Texas</u> | <u>\$ 6.8467</u> |
| <u>New Mexico</u> | <u>\$ 8.3157</u> |
| <u>Arizona</u> | <u>\$11.3556</u> |
| <u>Nevada</u> | <u>\$11.1282</u> |

| | <u>DAILY MAXIMUM 1/</u> | | <u>DAILY MINIMUM 1/</u> | |
|------------------------|-------------------------|-----------------|-------------------------|-----------------|
| | <u>Reservation</u> | <u>Usage</u> | <u>Reservation</u> | <u>Usage</u> |
| | ----- | | ----- | |
| <u>Production Area</u> | <u>\$0.0907</u> | <u>\$0.0015</u> | <u>\$0.0000</u> | <u>\$0.0015</u> |
| <u>Texas</u> | <u>\$0.2251</u> | <u>\$0.0193</u> | <u>\$0.0000</u> | <u>\$0.0193</u> |
| <u>New Mexico</u> | <u>\$0.2734</u> | <u>\$0.0147</u> | <u>\$0.0000</u> | <u>\$0.0147</u> |
| <u>Arizona</u> | <u>\$0.3733</u> | <u>\$0.0194</u> | <u>\$0.0000</u> | <u>\$0.0194</u> |
| <u>Nevada</u> | <u>\$0.3659</u> | <u>\$0.0192</u> | <u>\$0.0000</u> | <u>\$0.0192</u> |

Mainline Backhaul 4/ (Forward haul rate identified above applicable to
the delivery zone for which service is provided.)

Fuel and L&U See Sheet No. 29.

See Footnotes on Sheet No. 28.
ACA surcharge is shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

RATE SCHEDULE FT-H (HOURLY FIRM TRANSPORTATION SERVICE
SIXTEEN HOUR ENHANCED SERVICE OPTION) 5/

MONTHLY 6/
Reservation

| | |
|------------------------|------------------|
| <u>Production Area</u> | <u>\$ 2.7971</u> |
| <u>Texas</u> | <u>\$ 7.1776</u> |
| <u>New Mexico</u> | <u>\$ 8.7516</u> |
| <u>Arizona</u> | <u>\$12.0086</u> |
| <u>Nevada</u> | <u>\$11.7649</u> |

| | <u>DAILY MAXIMUM 1/</u> | | <u>DAILY MINIMUM 1/</u> | |
|------------------------|-------------------------|-----------------|-------------------------|-----------------|
| | <u>Reservation</u> | <u>Usage</u> | <u>Reservation</u> | <u>Usage</u> |
| <u>Production Area</u> | <u>\$0.0920</u> | <u>\$0.0016</u> | <u>\$0.0000</u> | <u>\$0.0016</u> |
| <u>Texas</u> | <u>\$0.2360</u> | <u>\$0.0206</u> | <u>\$0.0000</u> | <u>\$0.0206</u> |
| <u>New Mexico</u> | <u>\$0.2877</u> | <u>\$0.0157</u> | <u>\$0.0000</u> | <u>\$0.0157</u> |
| <u>Arizona</u> | <u>\$0.3948</u> | <u>\$0.0207</u> | <u>\$0.0000</u> | <u>\$0.0207</u> |
| <u>Nevada</u> | <u>\$0.3868</u> | <u>\$0.0205</u> | <u>\$0.0000</u> | <u>\$0.0205</u> |

Mainline Backhaul 4/ (Forward haul rate identified above applicable to
the delivery zone for which service is provided.)

Fuel and L&U See Sheet No. 29.

See Footnotes on Sheet No. 28.
ACA surcharge is shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

RATE SCHEDULE FT-H (HOURLY FIRM TRANSPORTATION SERVICE
EIGHT HOUR ENHANCED SERVICE OPTION) 5/

MONTHLY 6/
Reservation

| | |
|------------------------|------------------|
| <u>Production Area</u> | <u>\$ 3.1471</u> |
| <u>Texas</u> | <u>\$10.1559</u> |
| <u>New Mexico</u> | <u>\$12.6743</u> |
| <u>Arizona</u> | <u>\$17.8855</u> |
| <u>Nevada</u> | <u>\$17.4956</u> |

| | <u>DAILY MAXIMUM 1/</u> | | <u>DAILY MINIMUM 1/</u> | |
|------------------------|-------------------------|-----------------|-------------------------|-----------------|
| | <u>Reservation</u> | <u>Usage</u> | <u>Reservation</u> | <u>Usage</u> |
| <u>Production Area</u> | <u>\$0.1035</u> | <u>\$0.0025</u> | <u>\$0.0000</u> | <u>\$0.0025</u> |
| <u>Texas</u> | <u>\$0.3339</u> | <u>\$0.0330</u> | <u>\$0.0000</u> | <u>\$0.0330</u> |
| <u>New Mexico</u> | <u>\$0.4167</u> | <u>\$0.0252</u> | <u>\$0.0000</u> | <u>\$0.0252</u> |
| <u>Arizona</u> | <u>\$0.5880</u> | <u>\$0.0332</u> | <u>\$0.0000</u> | <u>\$0.0332</u> |
| <u>Nevada</u> | <u>\$0.5752</u> | <u>\$0.0329</u> | <u>\$0.0000</u> | <u>\$0.0329</u> |

Mainline Backhaul 4/ (Forward haul rate identified above applicable to
the delivery zone for which service is provided.)

Fuel and L&U See Sheet No. 29.

See Footnotes on Sheet No. 28.
ACA surcharge is shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

RATE SCHEDULE FDBS (FIRM DAILY BALANCING SERVICE) 5/

MONTHLY 6/
Reservation

System-wide \$11.6217

| | <u>DAILY MAXIMUM 1/</u> | | <u>DAILY MINIMUM 1/</u> | |
|-------------|-------------------------|--------------|-------------------------|--------------|
| | <u>Reservation</u> | <u>Usage</u> | <u>Reservation</u> | <u>Usage</u> |
| | <u>-----</u> | <u>-----</u> | <u>-----</u> | <u>-----</u> |
| System-wide | \$0.3821 | \$0.0000 | \$0.0000 | \$0.0000 |

Mainline Backhaul 4/ (Forward haul rate identified above applicable to
the delivery zone for which service is provided.)

Fuel and L&U See Sheet No. 29.

See Footnotes on Sheet No. 28.
ACA surcharge is shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

RATE SCHEDULE NNTD (DAILY NO-NOTICE TRANSPORTATION SERVICE) 5/

MONTHLY 6/
Reservation

| | |
|------------------------|------------------|
| <u>Production Area</u> | <u>\$ 3.8188</u> |
| <u>Texas</u> | <u>\$ 7.3231</u> |
| <u>New Mexico</u> | <u>\$ 8.5823</u> |
| <u>Arizona</u> | <u>\$11.1879</u> |
| <u>Nevada</u> | <u>\$10.9930</u> |
| <u>California</u> | <u>\$11.9902</u> |

| | <u>DAILY MAXIMUM 1/</u> | | <u>DAILY MINIMUM 1/</u> | |
|------------------------|-------------------------|-----------------|-------------------------|-----------------|
| | <u>Reservation</u> | <u>Usage</u> | <u>Reservation</u> | <u>Usage</u> |
| | ----- | | ----- | |
| <u>Production Area</u> | <u>\$0.1255</u> | <u>\$0.0013</u> | <u>\$0.0000</u> | <u>\$0.0013</u> |
| <u>Texas</u> | <u>\$0.2408</u> | <u>\$0.0165</u> | <u>\$0.0000</u> | <u>\$0.0165</u> |
| <u>New Mexico</u> | <u>\$0.2822</u> | <u>\$0.0126</u> | <u>\$0.0000</u> | <u>\$0.0126</u> |
| <u>Arizona</u> | <u>\$0.3678</u> | <u>\$0.0166</u> | <u>\$0.0000</u> | <u>\$0.0166</u> |
| <u>Nevada</u> | <u>\$0.3614</u> | <u>\$0.0164</u> | <u>\$0.0000</u> | <u>\$0.0164</u> |
| <u>California</u> | <u>\$0.3942</u> | <u>\$0.0180</u> | <u>\$0.0000</u> | <u>\$0.0180</u> |

Mainline Backhaul 4/ (Forward haul rate identified above applicable to
the delivery zone for which service is provided.)

Fuel and L&U See Sheet No. 29.

See Footnotes on Sheet No. 28.
ACA surcharge is shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

RATE SCHEDULE NNTH (HOURLY NO-NOTICE TRANSPORTATION SERVICE
THREE HOUR ENHANCED SERVICE OPTION) 5/

MONTHLY 6/
Reservation

| | |
|------------------------|------------------|
| <u>Production Area</u> | <u>\$ 3.8654</u> |
| <u>Texas</u> | <u>\$ 7.7203</u> |
| <u>New Mexico</u> | <u>\$ 9.1054</u> |
| <u>Arizona</u> | <u>\$11.9715</u> |
| <u>Nevada</u> | <u>\$11.7571</u> |

| | <u>DAILY MAXIMUM 1/</u> | | <u>DAILY MINIMUM 1/</u> | |
|------------------------|-------------------------|-----------------|-------------------------|-----------------|
| | <u>Reservation</u> | <u>Usage</u> | <u>Reservation</u> | <u>Usage</u> |
| <u>Production Area</u> | <u>\$0.1271</u> | <u>\$0.0014</u> | <u>\$0.0000</u> | <u>\$0.0014</u> |
| <u>Texas</u> | <u>\$0.2538</u> | <u>\$0.0182</u> | <u>\$0.0000</u> | <u>\$0.0182</u> |
| <u>New Mexico</u> | <u>\$0.2994</u> | <u>\$0.0139</u> | <u>\$0.0000</u> | <u>\$0.0139</u> |
| <u>Arizona</u> | <u>\$0.3936</u> | <u>\$0.0182</u> | <u>\$0.0000</u> | <u>\$0.0182</u> |
| <u>Nevada</u> | <u>\$0.3865</u> | <u>\$0.0181</u> | <u>\$0.0000</u> | <u>\$0.0181</u> |

Mainline Backhaul 4/ (Forward haul rate identified above applicable to
the delivery zone for which service is provided.)

Fuel and L&U See Sheet No. 29.

See Footnotes on Sheet No. 28.
ACA surcharge is shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

RATE SCHEDULE NNTH (HOURLY NO-NOTICE TRANSPORTATION SERVICE
TWELVE HOUR ENHANCED SERVICE OPTION) 5/

MONTHLY 6/
Reservation

| | |
|------------------------|------------------|
| <u>Production Area</u> | <u>\$ 3.8965</u> |
| <u>Texas</u> | <u>\$ 7.9850</u> |
| <u>New Mexico</u> | <u>\$ 9.4540</u> |
| <u>Arizona</u> | <u>\$12.4939</u> |
| <u>Nevada</u> | <u>\$12.2665</u> |

| | <u>DAILY MAXIMUM 1/</u> | | <u>DAILY MINIMUM 1/</u> | |
|------------------------|-------------------------|-----------------|-------------------------|-----------------|
| | <u>Reservation</u> | <u>Usage</u> | <u>Reservation</u> | <u>Usage</u> |
| <u>Production Area</u> | <u>\$0.1281</u> | <u>\$0.0015</u> | <u>\$0.0000</u> | <u>\$0.0015</u> |
| <u>Texas</u> | <u>\$0.2625</u> | <u>\$0.0193</u> | <u>\$0.0000</u> | <u>\$0.0193</u> |
| <u>New Mexico</u> | <u>\$0.3108</u> | <u>\$0.0147</u> | <u>\$0.0000</u> | <u>\$0.0147</u> |
| <u>Arizona</u> | <u>\$0.4108</u> | <u>\$0.0194</u> | <u>\$0.0000</u> | <u>\$0.0194</u> |
| <u>Nevada</u> | <u>\$0.4033</u> | <u>\$0.0192</u> | <u>\$0.0000</u> | <u>\$0.0192</u> |

Mainline Backhaul 4/ (Forward haul rate identified above applicable to
the delivery zone for which service is provided.)

Fuel and L&U See Sheet No. 29.

See Footnotes on Sheet No. 28.
ACA surcharge is shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

RATE SCHEDULE NNTH (HOURLY NO-NOTICE TRANSPORTATION SERVICE
SIXTEEN HOUR ENHANCED SERVICE OPTION) 5/

MONTHLY 6/
Reservation

| | |
|------------------------|------------------|
| <u>Production Area</u> | <u>\$ 3.9354</u> |
| <u>Texas</u> | <u>\$ 8.3159</u> |
| <u>New Mexico</u> | <u>\$ 9.8899</u> |
| <u>Arizona</u> | <u>\$13.1469</u> |
| <u>Nevada</u> | <u>\$12.9032</u> |

| | <u>DAILY MAXIMUM 1/</u> | | <u>DAILY MINIMUM 1/</u> | |
|------------------------|-------------------------|-----------------|-------------------------|-----------------|
| | <u>Reservation</u> | <u>Usage</u> | <u>Reservation</u> | <u>Usage</u> |
| <u>Production Area</u> | <u>\$0.1294</u> | <u>\$0.0016</u> | <u>\$0.0000</u> | <u>\$0.0016</u> |
| <u>Texas</u> | <u>\$0.2734</u> | <u>\$0.0206</u> | <u>\$0.0000</u> | <u>\$0.0206</u> |
| <u>New Mexico</u> | <u>\$0.3251</u> | <u>\$0.0157</u> | <u>\$0.0000</u> | <u>\$0.0157</u> |
| <u>Arizona</u> | <u>\$0.4322</u> | <u>\$0.0207</u> | <u>\$0.0000</u> | <u>\$0.0207</u> |
| <u>Nevada</u> | <u>\$0.4242</u> | <u>\$0.0205</u> | <u>\$0.0000</u> | <u>\$0.0205</u> |

Mainline Backhaul 4/ (Forward haul rate identified above applicable to
the delivery zone for which service is provided.)

Fuel and L&U See Sheet No. 29.

See Footnotes on Sheet No. 28.
ACA surcharge is shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

RATE SCHEDULE FT-2 (FIRM TRANSPORTATION SERVICE)
DAILY CHARGES

TIER 1 SERVICE

| | <u>MAXIMUM 1/</u> | <u>MINIMUM 1/</u> |
|------------|-------------------|-------------------|
| Texas | \$0.3554 | \$0.0165 |
| New Mexico | \$0.4205 | \$0.0126 |
| Arizona | \$0.5673 | \$0.0166 |

TIER 2 SERVICE

| | <u>MAXIMUM 1/</u> | <u>MINIMUM 1/</u> |
|------------|-------------------|-------------------|
| Texas | \$0.5331 | \$0.0165 |
| New Mexico | \$0.6307 | \$0.0126 |
| Arizona | \$0.8509 | \$0.0166 |

Mainline Backhaul 4/ (Forward haul rate identified above applicable to
the delivery zone for which service is provided.)

Fuel and L&U See Sheet No. 29.

Provisions for Tier 1 and Tier 2 Service are included in Rate Schedule FT-2.

See Footnotes on Sheet No. 28.
ACA surcharge is shown in Footnote 1.

Rate To: ~~PRODUCTION AREA~~ ~~ANADARKO~~

From ~~MAXIMUM~~ ~~MINIMUM~~

Receipt Basin:

~~Transportation Charge 1/~~ ~~Transportation Charge 1/~~
San Juan ~~\$0.2842~~ ~~\$0.0031~~

| | | |
|------------|----------|----------|
| Permian | \$0.2903 | \$0.0063 |
| Anadarko | \$0.2839 | \$0.0030 |
| California | \$0.3260 | \$0.0138 |

Rate To: PRODUCTION AREA — PERMIAN

From _____ M A X I M U M _____ M I N I M U M
Receipt Basin:

| | Transportation Charge 1/ | Transportation Charge 1/ |
|------------|--------------------------|--------------------------|
| San Juan | \$0.2842 | \$0.0031 |
| Permian | \$0.2839 | \$0.0030 |
| Anadarko | \$0.2922 | \$0.0072 |
| California | \$0.3260 | \$0.0138 |

Rate To: PRODUCTION AREA — SAN JUAN

From _____ M A X I M U M _____ M I N I M U M
Receipt Basin:

| | Transportation Charge 1/ | Transportation Charge 1/ |
|------------|--------------------------|--------------------------|
| San Juan | \$0.2839 | \$0.0030 |
| Permian | \$0.3095 | \$0.0159 |
| Anadarko | \$0.3277 | \$0.0249 |
| California | \$0.3260 | \$0.0138 |

~~STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)~~

~~RATE SCHEDULE FT 2 (FIRM TRANSPORTATION SERVICE)(Contd.)
DAILY CHARGES~~

~~Rate To: TEXAS~~

~~From M A X I M U M M I N I M U M~~

~~Receipt Basin:~~

| | Transportation Charge 1/ | Transportation Charge 1/ |
|-----------------------|-------------------------------------|-------------------------------------|
| San Juan | \$0.2842 | \$0.0031 |
| Permian | \$0.2903 | \$0.0063 |
| Anadarko | \$0.2922 | \$0.0072 |
| California | \$0.3260 | \$0.0138 |

~~Rate To: NEW MEXICO~~

~~From M A X I M U M M I N I M U M~~

~~Receipt Basin:~~

| | Transportation Charge 1/ | Transportation Charge 1/ |
|-----------------------|-------------------------------------|-------------------------------------|
| San Juan | \$0.3087 | \$0.0154 |
| Permian | \$0.3095 | \$0.0159 |
| Anadarko | \$0.3277 | \$0.0249 |
| California | \$0.3260 | \$0.0138 |

~~Rate To: ARIZONA~~

~~From M A X I M U M M I N I M U M~~

~~Receipt Basin:~~

| | Transportation Charge 1/ | Transportation Charge 1/ |
|-----------------------|-------------------------------------|-------------------------------------|
| San Juan | \$0.4542 | \$0.0204 |
| Permian | \$0.4601 | \$0.0233 |
| Anadarko | \$0.4762 | \$0.0314 |
| California | \$0.3260 | \$0.0138 |

~~M A X I M U M M I N I M U M~~

~~Usage 1/ Usage 1/~~

~~Mainline Shorthaul \$0.2839 \$0.0030~~

~~Mainline Backhaul (Rate identified above applicable to particular receipt and
delivery points involved.)~~

~~Fuel See Sheet No. 29.~~

~~See Footnotes on Sheet No. 28.~~

~~ACA surcharge is shown in Footnote 1.~~

El Paso Natural Gas Company
Second Revised Volume No. 1A

Thirty-First Revised Sheet No. 27
Thirtieth Revised Sheet No. 27
Effective: January 1, 2005
Issued: November 29, 2004
Page 2

Reserved for future use.

STATEMENT OF RATES
(Rates per ~~Dth~~dth)

RATE SCHEDULE PAL - INTERRUPTIBLE PARKING AND LENDING SERVICE

| | Maximum Daily Rate | Minimum Daily Rate |
|---|-----------------------------------|-----------------------------------|
| First Day <u>Usage</u> Charge: | | |
| Parking Rate: | \$0. 01380 <u>5699</u> | \$0. 00000 <u>0164</u> |
| Lending Rate: | \$0. 01380 <u>5699</u> | \$0. 00000 <u>0164</u> |
| Subsequent Day Charge: _____ | | |
| Parking Rate: _____ | \$0.32597 _____ | \$0.00000 |
| Lending Rate: _____ | \$0.32597 _____ | \$0.00000 |
| Authorized Overrun Charge: _____ | | |
| Parking Rate: _____ | \$0.32597 _____ | \$0.00000 |
| Lending Rate: _____ | \$0.32597 _____ | \$0.00000 |

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
FOOTNOTES

1/ Surcharge shall be added as applicable.

| | Rate Schedules | | Rate Schedule FT 2 | |
|-----|---------------------------|--------------------------|-------------------------------|-----------------|
| | FT 1 and IT 1 | FT 1 and IT 1 | FT 2 | FT 2 |
| | Maximum | Minimum | Maximum | Minimum |
| ACA | \$0.0019 | \$0.0019 | \$0.0019 | \$0.0019 |

~~2/ The Havasu Facilities Reservation Charge is applicable only to those Transportation Service Agreements which provide for the assessment of this charge and is in addition to the otherwise applicable charges.~~

2/ The Samalayuca Lateral Line Facilities Reservation Charge is applicable only to those TSAs ~~Transportation Service Agreements~~ which provide for the assessment of this charge.

35/ The Willcox Lateral Line Facilities Reservation Charge is applicable only to those TSAs ~~Transportation Service Agreements~~ which provide for the assessment of this charge.

4/ Due to the reticulated nature of El Paso's system, there is no distinction between forward hauls and backhauls for rate purposes.

54/ El Paso has adopted the following NAESB standard for capacity release transactions only. Converting a daily rate to a monthly rate is accomplished by multiplying the daily rate times the number of days in the rate period, dividing the result by the number of months in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to El Paso's specified decimal place. Converting a monthly rate to a daily rate is accomplished by multiplying the monthly rate by the number of months in the rate period, dividing the result by the number of days in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to El Paso's specified decimal place. (NAESB Standard 5.3.22)

~~6/ The Effective Unit Rate for the Transportation Service Agreements listed in Section 9 of Rate Schedule FT 1 shall be used for purposes of invoicing transportation charges and reservation charge crediting. For all other purposes, including the release of capacity, the applicable reservation rate for such Shippers shall be the maximum rates listed on the Statement of Rates sheets.~~

6/ Shippers shall be billed using the monthly rate. The minimum monthly reservation rate is zero.

~~Reserved for future use.~~ STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

OVERRUN RATE CHARGES 6/

RATE SCHEDULE IT-1 (INTERRUPTIBLE TRANSPORTATION SERVICE)

Daily Unauthorized Overrun Rate:

| <u>Non-Critical Condition</u> | |
|--|---|
| <u>2000 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> <u>Quantity by more than 2000 dth</u> | <u>2 times Maximum IT Rate</u> |
| <u>Critical Condition</u> | |
| <u>2000 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> <u>Quantity by more than 2000 dth</u> | <u>10 times Monthly System</u> <u>Cash Out Index Price</u> |

Hourly Unauthorized Overrun Rate:

| <u>Non-Critical Condition</u> | |
|---|---------------------------------|
| <u>100 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> <u>Quantity by more than 100 dth</u> | <u>2 times Maximum IT Rate</u> |
| <u>Critical Condition</u> | |
| <u>100 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> <u>Quantity by more than 100 dth</u> | <u>10 times Maximum IT Rate</u> |

See Footnotes on Sheet No. 28.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

OVERRUN RATE CHARGES 6/

RATE SCHEDULE FT-1 (FIRM TRANSPORTATION SERVICE)

Daily Authorized Overrun Rate: IT Rate

Daily Unauthorized Overrun Rate:

| <u>Non-Critical Condition</u> | |
|--|---|
| <u>2000 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> <u>Quantity by more than 2000 dth</u> | <u>2 times IT Load Factor</u> |
| <u>Critical Condition</u> | |
| <u>2000 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> <u>Quantity by more than 2000 dth</u> | <u>10 times Monthly System</u> <u>Cash Out Index Price</u> |

Hourly Unauthorized Overrun Rate:

| <u>Non-Critical Condition</u> | |
|---|--------------------------------|
| <u>100 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> <u>Quantity by more than 100 dth</u> | <u>2 times IT Load Factor</u> |
| <u>Critical Condition</u> | |
| <u>100 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> <u>Quantity by more than 100 dth</u> | <u>10 times IT Load Factor</u> |

See Footnotes on Sheet No. 28.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

OVERRUN RATE CHARGES 6/

RATE SCHEDULE FT-2 (FIRM TRANSPORTATION SERVICE)

Daily Unauthorized Overrun Rate:

Greater than 10,000 dth Tier 2 Rate

Hourly Unauthorized Overrun Rate:

Non-Critical Condition
100 dth or Less \$0.0000
All Quantities Exceeding the Scheduled 2 times Tier 2 Rate
Quantity by more than 100 dth
Critical Condition
100 dth or Less \$0.0000
All Quantities Exceeding the Scheduled 10 times Tier 2 Rate
Quantity by more than 100 dth

RATE SCHEDULE PAL - INTERRUPTIBLE PARKING AND LENDING SERVICE

Authorized Overrun Charge:

Parking Rate: Maximum PAL Rate

Lending Rate: Maximum PAL Rate

See Footnotes on Sheet No. 28.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

OVERRUN RATE CHARGES 6/

RATE SCHEDULE FT-H (HOURLY FIRM TRANSPORTATION SERVICE)

Daily Authorized Overrun Rate: 60% FT-H Load Factor

Hourly Authorized Overrun Rate:

| | |
|---|-----------------------------|
| <u>100 Dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> | <u>60% FT-H Load Factor</u> |
| <u>Quantity by more than 100 dth</u> | |

Daily Unauthorized Overrun Rate:

Non-Critical Condition

| | |
|---|----------------------------|
| <u>2000 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> | <u>2 times 60% of FT-H</u> |
| <u>Quantity by more than 2000 dth</u> | <u>Load Factor</u> |

Critical Condition

| | |
|---|--------------------------------|
| <u>2000 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> | <u>10 times Monthly System</u> |
| <u>Quantity by more than 2000 dth</u> | <u>Cash Out Index Price</u> |

Hourly Unauthorized Overrun Rate:

Non-Critical Condition

| | |
|---|----------------------------|
| <u>100 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> | <u>2 times 60% of FT-H</u> |
| <u>Quantity by more than 100 dth</u> | <u>Load Factor</u> |

Critical Condition

| | |
|---|-----------------------------|
| <u>100 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> | <u>10 times 60% of FT-H</u> |
| <u>Quantity by more than 100 dth</u> | <u>Load Factor</u> |

See Footnotes on Sheet No. 28.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

OVERRUN RATE CHARGES 6/

RATE SCHEDULE NNTD (NO-NOTICE TRANSPORTATION SERVICE - DAILY)

Daily Authorized Overrun Rate: 60% NNTD Load Factor

Hourly Authorized Overrun Rate:

| | |
|---|-----------------------------|
| <u>100 Dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> | <u>60% NNTD Load Factor</u> |
| <u>Quantity by more than 100 dth</u> | |

Daily Unauthorized Overrun Rate:

Non-Critical Condition

| | |
|---|----------------------------|
| <u>2000 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> | <u>2 times 60% of NNTD</u> |
| <u>Quantity by more than 2000 dth</u> | <u>Load Factor</u> |

Critical Condition

| | |
|---|--------------------------------|
| <u>2000 dth or Less</u> | <u>\$0.000</u> |
| <u>All Quantities Exceeding the Scheduled</u> | <u>10 times Monthly System</u> |
| <u>Quantity by more than 2000 dth</u> | <u>Cash Out Index Price</u> |

Hourly Unauthorized Overrun Rate:

Non-Critical Condition

| | |
|---|----------------------------|
| <u>100 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> | <u>2 times 60% of NNTD</u> |
| <u>Quantity by more than 100 dth</u> | <u>Load Factor</u> |

Critical Condition

| | |
|---|-----------------------------|
| <u>100 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> | <u>10 times 60% of NNTD</u> |
| <u>Quantity by more than 100 dth</u> | <u>Load Factor</u> |

See Footnotes on Sheet No. 28.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

OVERRUN RATE CHARGES 6/

RATE SCHEDULE NNTH (NO-NOTICE FIRM TRANSPORTATION SERVICE - HOURLY)

Daily Authorized Overrun Rate: 60% NNTH Load Factor

Hourly Authorized Overrun Rate:

| | |
|---|-----------------------------|
| <u>100 Dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> <u>Quantity by more than 100 dth</u> | <u>60% NNTH Load Factor</u> |

Daily Unauthorized Overrun Rate:

Non-Critical Condition

| | |
|--|--|
| <u>2000 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> <u>Quantity by more than 2000 dth</u> | <u>2 times 60% of NNTH</u> <u>Load Factor</u> |

Critical Condition

| | |
|--|---|
| <u>2000 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> <u>Quantity by more than 2000 dth</u> | <u>10 times Monthly System</u> <u>Cash Out Index Price</u> |

Hourly Unauthorized Overrun Rate:

Non-Critical Condition

| | |
|---|--|
| <u>100 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> <u>Quantity by more than 100 dth</u> | <u>2 times 60% of NNTH</u> <u>Load Factor</u> |

Critical Condition

| | |
|---|---|
| <u>100 dth or Less</u> | <u>\$0.0000</u> |
| <u>All Quantities Exceeding the Scheduled</u> <u>Quantity by more than 100 dth</u> | <u>10 times 60% of NNTH</u> <u>Load Factor</u> |

See Footnotes on Sheet No. 28.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
(Rates per dth)

OVERRUN RATE CHARGES 6/

RATE SCHEDULE OPAS (OPERATOR POINT AGGREGATION SERVICE)

| | |
|------------------------------|--------------------------------|
| <u>MDO Violation Penalty</u> | <u>10 times Monthly System</u> |
| | <u>Cash Out Index Price</u> |

See Footnotes on Sheet No. 28.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS

FUEL CHARGES 1/

| | |
|---|--|
| Forward Haul | 3.27% of the quantity received. |
| San Juan East 2/ | 0.00% of the quantity received. |
| Permian to Anadarko Backhaul | 1.40% of the quantity received. |
| Shorthaul | |
| San Juan Basin | 0.34% of the quantity received. |
| Permian Basin | 0.80% of the quantity received. |
| Anadarko Basin | 0.67% of the quantity received. |

~~2/ Applicable only to those contracts listed in Section 26.4.~~

| | |
|----------------------------------|--|
| <u>Mainline Fuel:</u> | <u>2.46% of the quantity received.</u> |
| <u>Within-Basin Fuel:</u> | |
| <u>Anadarko Basin:</u> | <u>0.14% of the quantity received.</u> |
| <u>Permian Basin:</u> | <u>1.12% of the quantity received.</u> |
| <u>San Juan Basin:</u> | <u>0.55% of the quantity received.</u> |
| <u>Permian to Anadarko Fuel:</u> | <u>1.27% of the quantity received.</u> |
| <u>Rate Schedule ISS Fuel:</u> | <u>2.11% of the quantity received.</u> |
| <u>L&U:</u> | <u>0.20% of the quantity received.</u> |

1/ The Fuel charge may be discounted by El Paso; provided, however, that the discounted fuel shall not be less than actual fuel incurred. See Section 26 of the General Terms and Conditions for further information.

RATE SCHEDULE IT-1
Interruptible Transportation Service

1. AVAILABILITY

This Rate Schedule is available to any party (hereinafter referred to as "Shipper") for the transportation of natural gas on an interruptible basis by El Paso Natural Gas Company (hereinafter referred to as "El Paso" or "Transporter") when Shipper and El Paso have an ~~executed~~Executed Transportation Service Agreement ("TSA"), in the form contained in this Volume No. 1-A Tariff, for service under this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all natural gas transported by El Paso for Shipper pursuant to the ~~executed Transportation Service Agreement~~Executed TSA, provided that:

2.1 Transportation service hereunder shall be interruptible, subject to the provisions of the ~~executed Transportation Service Agreement~~Executed TSA and to the Transportation General Terms and Conditions incorporated herein by reference.

2.2 Transportation service ~~hereunder shall be on an interruptible basis and~~ shall consist of the acceptance by El Paso of natural gas on behalf of Shipper for transportation at the ~~Receipt Point~~receipt point(s) ~~specified in the executed Transportation Service Agreement~~, the transportation of that natural gas through El Paso's pipeline system, and the delivery of that natural gas, after appropriate reductions, by El Paso to Shipper or for Shipper's account at the ~~Delivery Point~~delivery point(s) ~~specified in the executed Transportation Service Agreement~~.

2.3. ~~RATE~~

~~Shipper shall pay to~~ El Paso each month an amount ~~as the quantity~~has determined that other than such new taps, valves, measurement equipment, and other minor facilities which may be required at the receipt or delivery point(s) to effect receipt or delivery of natural ~~the gas in dth multiplied, as applicable, it has available or will secure sufficient uncommitted capacity to provide the service requested by the following:~~

3.1 ~~As compensation for the use~~Shipper as well as all of ~~El Paso's mainline facilities in the transportation of natural gas under the executed Transportation Service Agreement, Shipper shall pay~~its other firm service commitments.

~~(a) Mainline Transportation Charges: The rate(s) in effect and reflected from time to time as the maximum "Mainline Transportation Charges," unless otherwise provided,~~
2.4 Shipper has met the creditworthiness requirements of Section 19.6 of the General Terms and Conditions of this Tariff.

RATE SCHEDULE IT-1
Interruptible Transportation Service (Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.5 Rates of Flow.

- (a) Except as otherwise provided in this Tariff, gas quantities received by El Paso in any hour shall not exceed 1/24th of Shipper's scheduled quantity at such points. Except as otherwise provided in this Tariff, gas quantities delivered by El Paso in any hour shall not exceed 1/24th of Shipper's scheduled quantity at such points.
- (b) Except as otherwise provided in this Tariff, Shipper must be in balance at the end of each Gas Day.
- (c) To calculate the actual measured hourly rate of flow, should the delivery location be part of an aggregation of points under a D-Code, some or all of which have physical gas measurement equipment compatible with El Paso's system and capable of registering hourly flows, the hourly profile derived from hourly measured meters shall be applied to the volumes delivered to any meters in the aggregation without hourly measurement equipment.

3. ~~RATE (Continued)~~

3.1 El Paso, at its sole discretion, may from time to time and at any time selectively discount any or all of the rates on the Statement of Rates Sheet applicable to any individual Shipper; provided, however, that such discounted rates shall not exceed the applicable Maximum Rate(s) nor shall they be less than the Minimum Rate(s) set forth on the currently effective Statement of Rates Sheet.

3.2 Transportation Charges. Shipper shall pay the sum of the following, if applicable:

- (a) Mainline Transportation Charges. The rate(s) in effect and reflected from time to time as the maximum "Mainline Transportation Charges," unless otherwise provided, applicable to the delivery zones (Production Area, Texas, New Mexico, Arizona, Nevada or California) in which deliveries are made, as set forth on the currently effective Statement of Rates Sheet. The usage charge payable under this Rate Schedule shall include all applicable usage surcharges unless otherwise provided in the TSA.
~~applicable from the production basin(s) in which natural gas is received to the production area(s) within such basin or state(s) in which deliveries are made, set forth on Sheet No. 20 of this Volume No. 1 A Tariff, or superseding tariff, which sheet is incorporated herein by reference; or~~

- ~~(b) Mainline Shorthaul Charge: The maximum "Mainline Shorthaul Charge," unless otherwise provided, set forth on Sheet No. 20 of this Volume No. 1 A Tariff, or superseding tariff, in lieu of the maximum "Mainline Transportation Charges" set forth in Section 3.1(a) above, if the transportation service rendered by El Paso pursuant to the executed Transportation Service Agreement is a forward haul of one hundred miles or less; or~~
- ~~(c) Mainline Backhaul Charge: Except as otherwise provided for in Section 3.1(b) above, the maximum "Mainline Backhaul Charge," unless otherwise provided, set forth on Sheet No. 20 of this Volume No. 1 A Tariff, or superseding tariff, in lieu of the maximum "Mainline Transportation Charges" set forth in Section 3.1(a) above, if the transportation service rendered by El Paso pursuant to the executed Transportation Service Agreement is by backhaul.~~

RATE SCHEDULE IT-1
Interruptible Transportation Service (Continued)

3. RATE (Continued)
~~3.13.2~~ (Continued)

~~Maximum Daily Quantity is defined as the maximum quantity that El Paso is obligated to receive at each Receipt Point or deliver at each Delivery Point as specified in the executed Transportation Service Agreement.~~

~~El Paso, at its sole discretion, may from time to time and at any time selectively adjust any or all of the rates stated above applicable to any individual Shipper; provided, however, that such adjusted rate(s)~~

~~(bd)~~ Samalayuca Lateral Line Facilities Charge. The charge per dth as set forth from time to time on the currently effective Statement of Rates sheet ~~Sheet No. 20 of this Volume No. 1 A Tariff, or superseding Tariff,~~ if the transportation service rendered by El Paso involves the use of the Samalayuca Lateral Line Facilities.

~~(ce)~~ Willcox Lateral Facilities Charge. The charge per dth as set forth from time to time on the currently effective Statement of Rates Sheet, Sheet No. 20 of this Volume No. 1 A Tariff, or superseding Tariff, if the transportation service rendered by El Paso involves the use of the Willcox Lateral Facilities.

~~(f) Comparable Discounts: If El Paso agrees to provide its marketing affiliate a discount for any pipeline service, El Paso shall make such discounted rate contemporaneously available to similarly situated unaffiliated Shippers.~~

(d) Incremental Facility Charge. When the construction of new minor facilities is required in order to provide service to Shipper, Shipper shall pay El Paso for such facilities. The Parties shall agree as to whether Shipper shall (1) make a one-time 100 percent reimbursement for the cost of facilities or (2) pay the cost of facilities through installment payments over a period of time. If the Parties agree that Shipper shall pay El Paso for the facilities via installments, the facility charge shall include the cost of the facilities plus any related taxes, plus interest as agreed to by the Parties. If a contribution in aid of construction ("CIAC") is paid by the Shipper in accordance with a construction of facilities agreement and such transaction is determined to be taxable, the CIAC shall be

increased by an amount to compensate for the corporate income tax effects thereof.

(e) Other Charges. El Paso shall charge Shipper and Shipper shall pay for any other FERC-approved charges that apply to service under this Rate Schedule.

RATE SCHEDULE IT-1
Interruptible Transportation Service
(Continued)

~~3. RATE (Continued)~~

~~shall not exceed the applicable Maximum Rate(s) nor shall they be less than the Minimum Rate(s) set forth on Sheet No. 20 of this Volume No. 1 A Tariff, or superseding tariff. If El Paso so adjusts any rates to any Shipper, El Paso shall file with the Federal Energy Regulatory Commission any~~

4. RESERVED

5. FUEL and all required reports respecting such adjusted rates. L&U

~~3.2 Subject to the agreement of In addition to the payments made pursuant to the parties, El Paso may charge rates at any level, including rates in excess of other provisions of this Rate Schedule, Shipper shall provide and be responsible for the applicable maximum rate, using any rate design. El Paso's maximum rates as shown on its Statement of Rates are available as recourse rates for any Shipper that does not desire to negotiate a rate with El Paso. This provision does not allow El Paso and ShipperFuel and L&U necessary to negotiate terms and conditions of service.~~

~~4. RESERVED~~

~~5. FUEL~~

~~In addition to the payments made pursuant to Section 3 of this Rate Schedule, Shipper shall provide and be responsible for fuel for~~support ~~the transportation of natural gas pursuant to Shipper's executed Transportation Service Agreement.~~Executed TSA. ~~The fuel~~Fuel and L&U ~~charge shall be set forth on the applicable Statement of Rates sheets and shall be subject to adjustment in accordance with Section 26 of the General Terms and Conditions of this Tariff. The fuel charge may be discounted by El Paso; provided, however, that the discounted charge shall not be less than actual fuel incurred for the transaction being discounted.~~

~~6. OVERRUN TRANSPORTATION~~

~~On any day, upon request of Shipper and with El Paso's consent, Shipper may tender and El Paso may receive quantities at any receipt or delivery point in excess of Shipper's maximum daily transportation quantity specified in the executed Transportation Service Agreement. All such quantities shall be transported as authorized overrun gas and shall be transported on an interruptible basis. Payments and fuel and/or shrinkage for any such excess quantity transported shall be in accordance with Sections 3 and 5 of this Rate Schedule.~~

~~Reserved Sheets~~

~~Third Revised Sheet No. 103,
Second Revised Sheet No. 104,~~ RATE SCHEDULE IT-1
Interruptible Transportation Service
(Continued)

6. OVERRUN TRANSPORTATION

6.1 Daily Unauthorized Overrun Transportation at Delivery Points. On any day at each delivery point, any gas quantity not authorized by El Paso which exceeds Shipper's scheduled quantity at such point is Daily Unauthorized Overrun transportation. Such quantities shall be subject to the Daily Unauthorized Overrun rate (non-Critical or Critical as applicable). Shipper shall pay an amount obtained by multiplying the Daily Unauthorized Overrun quantities by the Daily Unauthorized Overrun rate on the Statement of Rates.

6.2 Hourly Unauthorized Overrun Delivery at Delivery Points. On any day at each delivery point, any hourly gas quantity not authorized by El Paso which exceeds Shipper's hourly scheduled entitlement at such point is an Hourly Unauthorized Overrun delivery. Such quantities shall be subject to the Hourly Unauthorized Overrun rate (non-Critical or Critical as applicable). Shipper shall pay an amount obtained by multiplying the largest quantity of such Hourly Unauthorized Overrun gas delivered by El Paso to Shipper, or for Shipper's account, at any delivery point during any one hour of the Gas Day by 24 and by the Hourly Unauthorized Overrun rate on the Statement of Rates.

~~Second Revised Sheet No. 105 have been reserved.~~

6.3 Shipper shall pay the larger of the daily or hourly unauthorized overrun charge.

7. Daily Variance

Gas quantities scheduled at a delivery point that are not taken by Shipper, or for Shipper's account, at such point will be subject to a Daily Variance Charge pursuant to Section 32 of the GT&C of this Tariff.

RATE SCHEDULE IT-1
Interruptible Transportation Service
(Continued)

78. GENERAL TERMS AND CONDITIONS

Except as otherwise expressly indicated in this Rate Schedule or by the ~~executed TSA~~ Transportation Service Agreement, all of the Transportation General Terms and Conditions contained in this ~~Volume No. 1-A~~ Tariff, including (from and after their effective date) any future modifications, additions or deletions to said General Terms and Conditions, are applicable to transportation service rendered under this Rate Schedule and, by this reference, are made a part hereof. In particular, but without limitation, the scheduling provisions of Section 4, the contract procedures of Section 22, the fuel provisions of Section 26, the imbalance management provisions of Section 32, and the Critical Condition procedures of Section 33 are applicable to this Rate Schedule.

El Paso Natural Gas Company
Second Revised Volume No. 1A

Third Revised Sheet No. 105
First Revised Sheet No. 105
Effective: January 1, 1996
Issued: December 27, 1995
Page 1

Reserved for future use.

RATE SCHEDULE IHSW
Interruptible Hourly Swing Service

1. AVAILABILITY

This Rate Schedule is available to any party (hereinafter referred to as "Shipper") for hourly deliveries of natural gas on an interruptible basis by El Paso Natural Gas Company (hereinafter referred to as "El Paso" or "Transporter") under the following conditions:

- 1.1 Shipper has met the creditworthiness requirements of this Tariff;
- 1.2 Shipper and Transporter have executed a Transportation Service Agreement for the interruptible hourly swing service in the form contained in this Tariff ("IHSW TSA"); and
- 1.3 Shipper has an Executed TSA(s) under Transporter's Rate Schedules FT-1, FT-H, NNTD and/or NNTH for firm transportation of gas ("Transport TSA").
- 1.4 Hourly swing service is available only at delivery points listed on Exhibit A of Shipper's Transport TSA. Such delivery points must also be identified as Premium Service Delivery Points on Transporter's EBB.
- 1.5 Interruptible hourly swing service is available to any party meeting the requirements of this Rate Schedule including delivery point operators.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule shall apply to all natural gas delivered by Transporter for Shipper pursuant to the IHSW TSA.
- 2.2 Delivery service hereunder shall be interruptible, subject to the provisions of the IHSW TSA and to the General Terms and Conditions ("GT&C") incorporated herein by reference.
- 2.3 Interruptible hourly swing delivery service is provided to accommodate Shipper's hourly flow variations above Shipper's hourly entitlements, based on Shipper's Transport TSA's scheduled quantities, at Premium Service Delivery Points that are also primary delivery points under Shipper's Transport TSA.

RATE SCHEDULE IHSW
Interruptible Hourly Swing Service
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.4 Hourly swing service consists of Transporter delivering gas quantities to a delivery point on Shipper's behalf that are equal to the difference between Shipper's total hourly entitlements to service at such point under its Transport TSA, as defined by the daily scheduled quantity and specified hourly rights in the Transport TSA, and Shipper's actual hourly gas flows at such point.

(a) In any hour, hourly swing service commences once the actual hourly flow at a delivery point exceeds the total of the hourly entitlements for such point on Shipper's Transport TSAs.

(b) Transporter will allocate to the IHSW TSA the difference between Shipper's hourly entitlement quantities based on its daily scheduled quantity at an eligible delivery point and the volume actually taken at such point up to the IHSW TSA limitations.

2.5 Interruptible hourly swing delivery service is an automatic service; it is not nominated. Transporter will apply contracted hourly rights, pursuant to Shipper's Transport TSA, to the daily scheduled quantity to determine hourly quantities.

3. CONDITIONS OF SERVICE

3.1 Transporter may, due to operational constraints, suspend the availability of interruptible hourly swing service on any day and at any time during the Gas Day prior to the close of the nomination period for Cycle 4.

3.2 Hourly swing service is available only for a term equal to or shorter than the term of Shipper's Transport TSA.

3.3 Hourly swing service shall not be applicable to any hourly variation greater than 160% of 1/24th of the sum of the applicable Transport TSA's scheduled quantities. Actual flow quantities greater than 160% of 1/24th of the sum of the applicable scheduled quantities shall be treated as an unauthorized hourly overrun under the applicable Transport TSA.

3.4 Any daily imbalance will remain on the Transport TSA.

RATE SCHEDULE IHSW
Interruptible Hourly Swing Service
(Continued)

4. RATE

Shipper shall pay to Transporter each month the charges set forth below under the executed IHSW TSA.

4.1 Transporter, at its sole discretion, may from time to time and at any time, selectively discount any or all of the rates stated below applicable to any individual Shipper; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Rate(s) nor shall they be less than the Minimum Rate(s) set forth on the currently effective Statement of Rates sheet of this Tariff.

4.2 Shipper shall pay, unless otherwise provided in the IHSW TSA, the maximum rate(s) per dth applicable to the delivery zones (Production Area, Texas, New Mexico, Arizona, Nevada and California) in which deliveries are made, as set forth from time to time on the applicable Statement of Rates Sheet. Each day, Shipper shall pay an amount obtained by multiplying the hourly swing service quantity at each delivery point by the applicable rate for such delivery point.

4.3 The usage charges payable under this rate schedule will include all applicable surcharges, unless otherwise provided in the TSA.

5. GENERAL TERMS AND CONDITIONS

Except as otherwise expressly indicated in this Rate Schedule or by the IHSW TSA, all of the GT&C contained in this Tariff, including (from and after their effective date) any future modifications, additions or deletions to said GT&C, are applicable to the service rendered under this Rate Schedule and, by this reference, are made a part hereof. In particular, but without limitation, the scheduling provisions of Section 4, the operating provisions for interruptible transportation service of Section 19, the contract procedures of Section 22, and Critical Condition procedures of Section 33 are applicable to this Rate Schedule.

RATE SCHEDULE ISS
Interruptible Storage Service

1. AVAILABILITY

This Rate Schedule is available to any party (hereinafter referred to as "Shipper") for the storage of natural gas on an interruptible basis by El Paso Natural Gas Company (hereinafter referred to as "El Paso" or "Transporter") under the following conditions:

- 1.1 Transporter determines it has sufficient operationally available and uncommitted capacity to perform the interruptible storage service requested;
- 1.2 Shipper has met the creditworthiness requirements of this Tariff;
- 1.3 Shipper has an Executed TSA for the interruptible storage service in the form contained in this Tariff ("ISS TSA"); and
- 1.4 Shipper has an Executed TSA under Transporter's Rate Schedules FT-1, FT-H, NNTD and/or NNTH ("Transport TSA") for the transportation of gas to and from "Pipeline Storage". Such Transport TSA must be for a term equal to or greater than the ISS TSA.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule shall apply to all natural gas stored by Transporter for Shipper pursuant to the executed ISS TSA.
- 2.2 Storage service hereunder shall be interruptible, subject to the provisions of the executed ISS TSA and to the General Terms and Conditions ("GT&C") of this Tariff incorporated herein by reference.
- 2.3 Interruptible storage service hereunder shall consist of:
 - (a) Transporter injecting nominated and confirmed natural gas quantities into storage on an interruptible basis; and
 - (b) Transporter storing gas quantities on Shipper's behalf on an interruptible basis; and
 - (c) Transporter withdrawing nominated and confirmed natural gas quantities from storage on an interruptible basis.

RATE SCHEDULE ISS
Interruptible Storage Service
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.4 On any Gas Day, any transportation service agreement may be used to transport gas to and from storage.

3. CONDITIONS OF SERVICE

3.1 Interruptible storage service must be nominated and confirmed to the ISS TSA in accordance with the provisions of Section 4 of the GT&C.

3.2 Upon issuance of a notice of Critical Condition that affects Transporter's use of pipeline capacity for higher priority services or operational requirements, Transporter may require Shipper to 1) suspend its injections into storage, 2) suspend its withdrawals from storage, or 3) withdraw its storage inventory on an expedited basis. Notification of the required activity shall be made pursuant to the notification procedures of Section 4.1(a)(ix) of the GT&C.

(a) Such notification shall only be made when the required Shipper action is necessary to protect the operational integrity and flexibility of Transporter's pipeline system or to allow Transporter to fulfill higher priority commitments.

(b) Upon notification by Transporter of required expedited storage withdrawals, Shipper will be required to submit a nomination pursuant to Section 4 of the GT&C of this Tariff in the next available nomination cycle to withdraw, no later than the next Gas Day, the greater of ten percent of Shipper's existing interruptible inventory or 5,000 Dth. Withdrawals at the same rate on subsequent Gas Days may also be required by Transporter.

RATE SCHEDULE ISS
Interruptible Storage Service
(Continued)

3. CONDITIONS OF SERVICE (Continued)

3.2(b) (Continued)

- (i) Should Transporter receive a valid nomination complying with a notification to withdraw but be unable to confirm or schedule such nomination, the obligation of Shipper to comply with that notification, but not the obligation to submit nominations, shall be suspended until such time as Transporter's operational conditions permit such nomination to be confirmed and scheduled.
- (ii) Unless otherwise agreed by Transporter and Shipper, any storage inventory not nominated for withdrawal within the period of time specified by Transporter shall become the property of Transporter at no cost to Transporter and free and clear of any adverse claims.

4. RATE

Shipper shall pay to Transporter each month the charges set forth below under the executed ISS TSA.

4.1 Transporter, at its sole discretion, may from time to time and at any time, selectively discount any or all of the rates stated below applicable to any individual Shipper; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Rate(s) nor shall they be less than the Minimum Rate(s) set forth on the currently effective Statement of Rates sheet of this Tariff.

4.2 Shipper shall pay, unless otherwise provided in the ISS TSA, the maximum rate(s) per dth set forth from time to time on the applicable Statement of Rates Sheet. Shipper shall pay an amount obtained by multiplying the average daily balance of gas stored by Transporter for Shipper's account during the month by the applicable storage inventory rate.

RATE SCHEDULE ISS
Interruptible Storage Service
(Continued)

4. RATE (Continued)

4.3 In addition to the storage inventory rate provided in Section 4.2, Shipper shall pay a commodity charge consisting of the sum of the following components:

(a) Quantity Injection Charge. The Quantity Injection Charge shall be the product of the Quantity Injection Rate multiplied by the quantity received by Transporter for injection into storage for Shipper's account each month. Unless otherwise provided in the ISS TSA, the Quantity Injection Rate shall be the maximum rate(s) per dth set forth from time to time on the currently effective Statement of Rates Sheet.

(b) Quantity Withdrawal Charge. The Quantity Withdrawal Charge shall be the product of the Quantity Withdrawal Rate multiplied by the quantity delivered from storage for Shipper's account each month. Unless otherwise provided in the ISS TSA, the Quantity Withdrawal Rate shall be the maximum rate(s) per dth set forth from time to time on the currently effective Statement of Rates Sheet.

4.4 No surcharges are applicable to service under this Rate Schedule. Surcharges, where applicable, will be assessed on the downstream component of the transportation service associated with the withdrawal of the gas from storage.

5. FUEL

In addition to the payments made pursuant to the other provisions of this Rate Schedule, Shipper shall provide and be responsible for the Fuel necessary to support the injection and storage of natural gas pursuant to Shipper's ISS TSA. Fuel will be assessed on the injection quantity. Unless otherwise agreed, the Fuel charge shall be set forth on the applicable Statement of Rates sheets and shall be subject to adjustment in accordance with Section 26 of the GT&C of this Tariff.

RATE SCHEDULE ISS
Interruptible Storage Service
(Continued)

6. TRANSFER OF GAS IN PLACE

6.1 Transfer of Gas in Place. A Shipper ("Transferor") may sell gas in its storage account to another Party ("Transferee"), pursuant to this Rate Schedule provided:

- (a) Transferor has all necessary authority to sell the gas.
- (b) Subject to the scheduling provisions of Section 4 of the GT&C, Transferee and Transferor submit a nomination notifying Transporter of the sale of stored quantities.
- (c) Transporter verifies that the Transferor has sufficient gas quantity in its storage account to effectuate the transfer.
- (d) On the date the transfer is to become effective, the Transferee shall have an Executed ISS TSA to accommodate the quantity being acquired from the Transferor.
 - (i) Transporter is not obligated to immediately withdraw transferred gas quantities from storage.
 - (ii) Transferee is not obligated to immediately withdraw transferred gas quantities from storage; however, transferred quantities shall be subject to the terms and conditions of Transferee's ISS TSA.

7. TERMINATION OF STORAGE SERVICE

7.1 Shipper is required to remove all stored quantities no later than the termination date of the ISS TSA. Upon termination of the ISS TSA, any stored quantity not removed shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims. Transporter shall extend the time by one day for each day that Shipper submits a valid nomination for the withdrawal of stored quantities that it is unable to confirm or schedule due to operational reasons.

7.2 Shipper is required to remove all stored quantities no later than the termination date of Shipper's Transport TSA. Upon termination of Shipper's Transport TSA, any gas quantity still in storage shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims.

RATE SCHEDULE ISS
Interruptible Storage Service
(Continued)

8. GENERAL TERMS AND CONDITIONS

Except as otherwise expressly indicated in this Rate Schedule or by the ISS TSA, all of the GT&C contained in this Tariff, including (from and after their effective date) any future modifications, additions or deletions to said GT&C, are applicable to the service rendered under this Rate Schedule and, by this reference, are made a part hereof. In particular, but without limitation, the scheduling provisions of Section 4, the operating provisions for interruptible transportation service of Section 19, the contract procedures of Section 22, the fuel provisions of Section 26, the imbalance management provisions of Section 32 and Critical Condition procedures of Section 33 are applicable to this Rate Schedule.

Reserved for future use.

RATE SCHEDULE FT-1
Firm Transportation Service

1. AVAILABILITY

This Rate Schedule is available to any party (hereinafter referred to as "Shipper") for the transportation of natural gas on a firm basis by El Paso Natural Gas Company (hereinafter referred to as "El Paso" or "Transporter") under the following conditions:

- ~~(a)~~ 1.1 El Paso determines it has available capacity to render the firm transportation service; and
- ~~(b)~~ 1.2 Shipper and El Paso have executed a Transportation Service Agreement, in the form contained in this Volume No. 1-A Tariff, for such firm transportation service.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule shall apply to all natural gas transported by El Paso for Shipper pursuant to the ~~executed~~ Executed Transportation Service Agreement ("Executed TSA").
- 2.2 Transportation service hereunder shall be firm, subject to the provisions of the ~~executed Transportation Service Agreement~~ Executed TSA and to the Transportation General Terms and Conditions ("GT&C") incorporated herein by reference.
- 2.3 Transportation service hereunder shall consist of the acceptance by El Paso of natural gas on behalf of Shipper for transportation at the ~~Receipt Point~~ receipt point(s) specified in the ~~executed Transportation Service Agreement~~ Executed TSA, the transportation of that natural gas through El Paso's pipeline system, and the delivery of that gas, after appropriate reductions for Fuel and L&U as provided for in this Rate Schedule, to Shipper or for Shipper's account at the ~~Delivery Point~~ delivery point(s) specified in the ~~executed Transportation Service Agreement~~ Executed TSA. Shipper may nominate other receipt and/or delivery points on a non-primary basis.
- ~~3. DEFINITIONS~~ 2.4 Shipper must meet the creditworthiness requirements of Section 20.9 of the GT&C of this Tariff.

~~3.1~~ ~~Transportation Contract Demand: A Shipper's Transportation Contract Demand shall be the maximum quantity of gas El Paso is obligated to receive and deliver to Shipper under the terms of the TSA. The Transportation Contract Demand shall be specified on Exhibit A of the executed TSA.~~

RATE SCHEDULE FT-1
Firm Transportation Service

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.5 Rates of Flow.

- (a) Except as otherwise provided in this Tariff, gas quantities received by El Paso in any hour shall not exceed 1/24th of Shipper's scheduled quantity at such points. Except as otherwise provided in this Tariff, gas quantities delivered by El Paso in any hour shall not exceed 1/24th of Shipper's scheduled quantity at such points.
- (b) Except as otherwise provided in this Tariff, Shipper must balance its daily receipts and daily deliveries at the end of each Gas Day.

2.6 Hourly Entitlement Enhancement Nominations. In addition to the rates of flow specified in Section 2.5 above, at Hourly Entitlement Enhancement Nominations ("HEEN") Qualified Delivery Points, when applicable, quantities delivered, or caused to be delivered, for Shipper's account may not exceed in any hour 1/24th of the scheduled quantity resulting from the flowing gas nomination coupled with the HEEN nominations, as follows:

- (a) A HEEN may be used to reserve capacity to support non-uniform hourly deliveries at HEEN Qualified Delivery Points that are listed in Shipper's Transportation Service Agreement ("TSA"). HEEN nominations must meet all other criteria for a valid nomination, except the requirement that the receipt side of the nomination be confirmed by a third party. The HEEN quantity and the flowing gas quantity for the path may not exceed the MDQ for primary delivery points or the Path Quantity for the flow path used. The sum of all hourly entitlements related to HEENs and flowing gas nominations for any segment may not exceed on a firm basis in any one hour 1/24th of the Shipper's TCD.
- (b) When applicable, Shipper shall specify its requested hourly flow pattern pursuant to the procedures specified in Section 4.1(a) of the General Terms and Conditions.
- (c) All HEEN nominations must be forward haul.
- (d) HEEN Receipt and Delivery Points.
 - (i) HEEN Qualified Delivery Points are those points on El Paso's transportation system where non-uniform flow and HEEN Service may be provided.
 - (ii) Eligible receipt points for HEEN nominations will be determined by El Paso based on the pipeline volume (pipe diameter, distance and pressure) required to support the requested hourly flexibility at HEEN Qualified Delivery Points.

RATE SCHEDULE FT-1
Firm Transportation Service
(Continued)

~~3. DEFINITIONS (Continued)~~

~~3.2 Maximum Daily Quantity: The maximum quantity that El Paso is obligated to receive at a Receipt Point or deliver at a Delivery Point as specified on Exhibit A of the executed TSA-. APPLICABILITY AND CHARACTER OF SERVICE (Continued)~~

2.6 Hourly Entitlement Enhancement Nominations (Continued)
(d) HEEN Receipt and Delivery Points (Continued)

(iii) HEEN Qualified Delivery Points and related eligible receipt points will be identified on El Paso's EBB and may vary from time to time. Upon Shipper's request, El Paso shall consider adding new points to the listed HEEN Qualified Delivery Points on the EBB.

2.7 To calculate the actual measured hourly rate of flow, should the delivery location be part of an aggregation of points under a D-Code, some or all of which have physical gas measurement equipment compatible with El Paso's system and capable of registering hourly flows, the hourly profile derived from hourly measured meters shall be applied to the volumes delivered to any meters in the aggregation without hourly measurement equipment.

3. RESERVED

4. RATE

~~Shipper shall pay to El Paso each month the charges set forth below as such charges are designated to be applicable to the transportation service rendered by El Paso for Shipper under the executed Transportation Service Agreement. The quantity of natural gas to which the charges shall apply is set forth below.~~

~~4.1~~

4.1 El Paso, at its sole discretion, may from time to time and at any time selectively discount any or all of the rates stated below applicable to any individual Shipper; provided, however, that such discounted rates shall not exceed the applicable Maximum Rate(s) nor shall they be less than the Minimum Rate(s) set forth on the currently effective Statement of Rates Sheet.

4.2 Transportation Charges: ~~As compensation for the use of El Paso's facilities in the transportation~~ Shipper shall pay the sum of natural gas under the executed Transportation Service Agreement, Shipper shall pay the following rate(s), if applicable:

- (a) Mainline Reservation Charges: The Reservation Charges applicable to a TSA subject to this Rate Schedule shall be determined by multiplying Shipper's Transportation Contract Demand by the reservation rate specified in the TSA stated on a monthly basis, ~~or, if the TSA is listed in Section 9 of this Rate.~~ The Reservation Charges payable under this Rate Schedule, by the Effective Unit Rate listed there. ~~The Reservation Charges payable under this rate schedule~~ will include all applicable reservation surcharges, unless otherwise provided in the TSA.

RATE SCHEDULE FT-1
Firm Transportation Service (Continued)

4. RATE (Continued)

4.12 Transportation Charges (Continued)

- (b) ~~Havas~~Samalayuca Lateral Line Facilities Reservation Charge: ~~In addition to the charges under Section 4.1(a) above, this~~This charge is applicable to those Transportation Service Agreements which provide for the assessment of such charge. ~~Charges assessed under this Section 4.1 will be allocated first to the Havasu Facilities Reservation Charge in order to reimburse El Paso for the cost of service of the Havasu Facilities constructed pursuant to the Commission's authority at Docket No. CP96-321-000, using the Samalayuca Lateral. The charge consists of the maximum unit amount in dollars per dth reservation rate, unless otherwise provided, as set forth from time to time on the currently effective Sheet No. 22 of this Volume No. 1 A Tariff Statement of Rates sheet multiplied by Shipper's Transportation Contract Demand. Since this charge pertains only to the Samalayuca Lateral Line Facilities, upstream rights or alternate point rights as described in this Tariff shall apply only to receipt and delivery points on the Samalayuca Lateral.~~
- (c) ~~Samalayuca Lateral Line Facilities Reservation Charge: This charge is applicable to those Transportation Service Agreements which provide service using the Samalayuca Facilities. The charge consists of the maximum unit amount in dollars per dth, unless otherwise provided, set forth from time to time on the currently effective Sheet No. 22 of this Volume No. 1 A Tariff multiplied by Shipper's Transportation Contract Demand. Since this is a charge pertaining to the Samalayuca Lateral Line Facilities, no upstream rights or alternate point rights as described in this Tariff are applicable.~~
- ~~(d)~~ Willcox Lateral Facilities Reservation Charge: This charge is applicable to those Transportation Service Agreements which provide service using the Willcox Lateral. The charge consists of the maximum ~~unit amount in dollars per dth reservation rate, unless otherwise provided, set forth from time to time on the currently effective Sheet No. 22~~Statement of this Volume No. 1 A Tariff Rates sheet multiplied by Shipper's Transportation Contract Demand. Since this charge pertains only to the Willcox Lateral, upstream rights or alternate point rights as described in this Tariff shall apply only to receipt and delivery points on the Willcox Lateral.

RATE SCHEDULE FT-1
Firm Transportation Service
(Continued)

4. RATE (Continued)

4.12 Transportation Charges (Continued)

~~(e) For the purpose of computing the Reservation Charges specified in this Section, if Shipper's Transportation Contract Demand or Maximum Daily Quantity is expressed in Mef, it shall be converted to dth's by multiplying the number of Mef by the heating value conversion factor of 1.023 which is the factor utilized in designing such charges.~~

(d) Incremental Facility Charge. When the construction of new minor facilities is required in order to provide service to Shipper, Shipper shall pay El Paso for such facilities. The Parties shall agree as to whether Shipper shall (1) make a one-time 100 percent reimbursement for the cost of facilities or (2) pay the cost of facilities through installment payments over a period of time. If the Parties agree that Shipper shall pay El Paso for the facilities via installments, the facility charge shall include the cost of the facilities plus any related taxes, plus interest as agreed to by the Parties. If a contribution in aid of construction ("CIAC") is paid by the Shipper in accordance with a construction of facilities agreement and such transaction is determined to be taxable, the CIAC shall be increased by an amount to compensate for the corporate income tax effects thereof.

RATE SCHEDULE FT-1
Firm Transportation Service
(Continued)

4. RATE (Continued)

4.23 Usage Charges

(a) Base Usage Charges: Except as otherwise provided below, in addition to the applicable Reservation Charges, Shipper shall pay an amount determined by multiplying the quantity of natural gas delivered in dth, as applicable, by the sum of the following:

—(i) Mainline Transportation Usage Charges: The maximum rate(s) per dth, unless otherwise provided, applicable ~~from the production basin(s) in which natural gas is received to the production area(s) within such basin~~ delivery zones (Production Area, Texas, New Mexico, Arizona, Nevada or state(s) California) in which deliveries are made as set forth from time to time on the currently effective Statement of Rates Sheet No. 23 of this Volume No. 1 A Tariff, or superseding tariff; or. The usage charge payable under this Rate Schedule shall include all applicable usage surcharges, unless otherwise provided in the TSA.

(ii) ~~Mainline Shorthaul~~ Samalayuca Lateral Line Facilities Usage Charge: The ~~maximum rate(s) charge~~ per dth, ~~unless otherwise provided,~~ as set forth from time to time on ~~the currently effective Sheet No. 24~~ Statement of this Volume No. 1 A Tariff, or superseding tariff, Rates sheet if the transportation service rendered by El Paso ~~pursuant to the executed Transportation Service Agreement is a forward haul~~ involves the use of one hundred miles or less; or the Samalayuca Lateral.

(iii) ~~Mainline Backhaul~~ Willcox Lateral Facilities Usage Charge: The ~~maximum rate(s) charge~~ per dth, ~~unless otherwise provided,~~ as set forth from time to time on ~~the currently effective Sheet No. 24~~ Statement of this Volume No. 1 A Tariff, or superseding tariff, Rates sheet if the transportation service rendered by El Paso ~~pursuant to the executed Transportation Service Agreement is by backhaul~~ involves the use of the Willcox Lateral.

—(iv) ~~Samalayuca Lateral Line Facilities Usage Charge:~~ The charge per dth as set forth from time to time on ~~currently effective Sheet No. 24 of this Volume No. 1 A Tariff, or superseding Tariff, if the transportation~~

~~service rendered by El Paso involves the use of the
Samalayuca Lateral Line Facilities.~~

5. RESERVATION CHARGE CREDIT

El Paso shall provide reservation charge credits to Rate Schedule
FT-1 Shippers when it is unable to schedule such Shippers' nominated and
confirmed quantities on a daily basis pursuant to GT&C Section 39,
subject to the conditions of this Rate Schedule.

~~RATE SCHEDULE FT-1
Firm Transportation Service
(Continued)~~

~~4. RATE (Continued)~~

~~4.2 Usage Charges (Continued)~~

~~(a) Base Usage Charges: (Continued)~~

~~(v) Willeox Lateral Facilities Usage Charge: The charge per dth as set forth from time to time on currently effective Sheet No. 24 of this Volume No. 1 A Tariff, or superseding Tariff, if the transportation service rendered by El Paso involves the use of the Willeox Lateral Facilities.~~

~~(vi) Comparable Discounts: If El Paso agrees to provide its marketing affiliate a discount for any pipeline service, El Paso shall make such discounted rate contemporaneously available to similarly situated unaffiliated Shippers.~~

~~4.3 For those agreements in which transportation by El Paso is provided in two steps, with intermediate transportation service in between provided by a third party, the quantity of natural gas to which the charges set forth in Section 4.2 shall apply is determined by the quantity delivered by El Paso to the intermediate third party.~~

~~4.4 El Paso, at its sole discretion, may from time to time and at any time selectively adjust any or all of the rates stated above applicable to any individual Shipper; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Rate(s) nor shall they be less than the Minimum Rate(s) set forth on Sheet Nos. 22, 23, and 24 of this Volume No. 1 A Tariff, or superseding tariff. If El Paso so adjusts any rates to any Shipper, El Paso shall file with the Commission any and all required reports respecting such adjusted rates.~~

~~4.5 Subject to the agreement of the parties, El Paso may charge rates at any level, including rates in excess of the applicable maximum rate, using any rate design. El Paso may, pursuant to a generally applicable rule or policy of the Commission, apply for authorization to contract for capacity in excess of the rate cap, or seek a determination that a market area served by El Paso is workably competitive so that market based rates could be charged and the rate cap would not apply in such area. All shippers and other affected participants reserve all rights to protest or contest such application. El Paso's maximum rates as shown on its Statement of Rates are available as recourse rates for any Shipper that does not desire to negotiate a rate with El Paso. This provision does not allow El Paso and Shipper to negotiate terms and conditions of service.~~

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Second Revised Volume No. 1A

Fifth Revised Sheet No. 113A
Third Revised Sheet No. 113A
Effective: July 15, 2001
Issued: June 13, 2001
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~~RATE SCHEDULE FT-1
Firm Transportation Service
(Continued)~~

~~5. Reservation Charge Credit~~

~~El Paso shall provide reservation charge credits to Rate Schedule FT-1 Contract Demand Shippers when it is unable to schedule such Shippers' nominated and confirmed volumes, subject to the following conditions:~~

~~5.1 Reservation charge credits shall not be applicable:~~

- ~~(a) When a Shipper:
 - ~~(i) fails to properly nominate or confirm pursuant to the scheduling timeline of Section 4.1 of the General Terms and Conditions ("GT&C") and the other scheduling provisions of the Tariff,~~
 - ~~(ii) underdelivers gas to El Paso and adversely affects system integrity pursuant to Section 4.3 of the GT&C,~~
 - ~~(iii) fails to deliver gas that conforms to the quality specifications detailed in Section 5 of the GT&C, or~~
 - ~~(iv) does not comply with Critical Operating Condition requirements pursuant to Section 33.2 of the GT&C.~~~~
- ~~(b) To volumes in excess of Shipper's Transportation Contract Demand under its firm TSA, to volumes in excess of the Path Quantity or contractual Maximum Daily Quantity specified at a particular receipt or delivery point; and~~
- ~~(c) To a primary firm Shipper that is unable to schedule at a receipt or delivery point due to that point being scheduled by an alternate firm Shipper that was properly scheduled in an earlier nomination cycle that is not eligible to be reduced (bumped) in the current cycle; and~~
- ~~(d) To transactions using point or path rights scheduled as Flow Point Secondary, Flow Path Secondary, First Alternate and Second Alternate Capacity, as defined by Sections 1.25, 1.26 and 1.27 in the GT&C.~~

Reserved for future use.

~~RATE SCHEDULE FT-1
Firm Transportation Service
(Continued)~~

~~5. Reservation Charge Credit (Continued)~~

~~5.2 Subject to the provisions of 5.1, reservation charge credits shall apply to:~~

- ~~(a) Volumes nominated and confirmed to primary delivery points in Cycle 2, but which El Paso was unable to schedule due to a capacity shortfall;~~
- ~~(b) Volumes scheduled to primary delivery points in Cycle 2 that are subsequently reduced in Cycle 3 due to a capacity shortfall; and~~
- ~~(c) Volumes nominated and confirmed to primary delivery points in Cycle 3 but which El Paso was unable to schedule due to a capacity shortfall.~~

~~5.3 Reservation charge credits shall be calculated as follows:~~

- ~~(a) The volume on which credits are payable shall be calculated as follows and shall be adjusted for the requirements of Sections 5.1 and 5.2 of this Rate Schedule. The credit shall be payable on the sum of:
 - ~~(i) 100% of the total for the month of the Cycle 2 primary confirmed nominations minus the total for the month of the Cycle 2 scheduled quantities as adjusted for purposes of this computation by Sections 5.1 and 5.2 (a) and (b);~~
 - ~~(ii) 100% of the total for the month of the new Cycle 3 primary confirmed nominations for each day minus the total for the month of the Cycle 3 scheduled quantities as adjusted for purposes of this computation by Sections 5.1 and 5.2(c).~~~~

~~In no event shall the same Dth of gas be included more than once in such calculation.~~

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~~RATE SCHEDULE FT-1
Firm Transportation Service
(Continued)~~

~~5. Reservation Charge Credit (Continued)~~

~~5.3 Reservation charge credits shall be calculated as follows (Contd.):~~

~~(b) During periods when El Paso does not experience a force majeure event:~~

~~(i) The reservation charge credit shall be the product of the volume determined in 5.3(a) above multiplied by the contract reservation rate stated on a daily basis, or, if the TSA is listed in Section 9.3 of this Rate Schedule, by the Effective Unit Rate listed there.~~

~~(c) During periods when El Paso experiences a force majeure event:~~

~~(i) The reservation charge credit shall be the product of the volume determined in 5.3(a) above multiplied by the contract reservation rate stated on a daily basis, or, if the TSA is listed in Section 9.3 of this Rate Schedule, by the Effective Unit Rate listed there, times the percent of the currently effective reservation rates that represent El Paso's equity return and associated income taxes. This percentage will be re-determined annually pursuant to Section 25.2 of the Tariff. Effective January 1, 2005, the percentage shall be 24.65%.~~

~~(ii) Reservation charge credits under discounted TSAs shall be applicable only to that portion of the discounted rate that exceeds the current non equity return and associated tax portion of the maximum reservation rate. This percentage will be re-determined annually pursuant to Section 25.2 of the Tariff. Effective January 1, 2005, the percentage shall be 75.35%.~~

Reserved for future use.

~~RATE SCHEDULE FT-1~~
~~Firm Transportation Service~~
~~(Continued)~~

~~5. Reservation Charge Credit (Continued)~~

~~5.3 Reservation charge credits shall be calculated as follows (Contd.):~~

- ~~(d) Any reservation charge credit payable shall be reflected on the Shipper's monthly invoice and shall be applied to offset any outstanding transportation past due balances owed by Shipper.~~

Reserved for future use.

RATE SCHEDULE FT-1
Firm Transportation Service
(Continued)

6. ~~SCHEDULED~~ OVERRUN TRANSPORTATION

~~Upon request of Shipper, El Paso, at its reasonable discretion, may receive, transport and deliver natural gas in excess of Shipper's Transportation Contract Demand specified in the executed Transportation Service Agreement. Payments for any excess quantity shall be equivalent to the maximum "Mainline Transportation Charge," or a lesser charge as mutually agreed upon, applicable from the production basin(s) in which the natural gas is received to the production area(s) within such basin or state(s) in which deliveries are made for service under El Paso's Rate Schedule IT 1, as such rate is in effect and reflected from time to time on Sheet No. 20 of this Volume No. 1 A Tariff, or superseding tariff. Fuel and/or shrinkage for any excess quantities shall be in accordance with Section 5 of Rate Schedule IT 1-6.1~~ Daily Authorized Overrun Transportation at Delivery Points. On any day, upon request of Shipper and with El Paso's consent, El Paso may deliver total quantities at any delivery point in excess of Shipper's scheduled quantity. All such quantities shall be delivered as Authorized Overrun gas on an interruptible basis. Shipper shall pay an amount obtained by multiplying the quantity of such overrun gas delivered by El Paso to Shipper, or for Shipper's account, at each delivery point by the Daily Authorized Overrun rate. The Daily Authorized Overrun rate shall be the applicable maximum rate unless otherwise agreed to by El Paso and Shipper. Such rate shall not be less than the applicable minimum rate or more than the applicable maximum rate as set forth on the Statement of Rates.

6.2 Daily Unauthorized Overrun Transportation at Delivery Points. On any day at each delivery point or Segment, any gas quantity not authorized by El Paso which exceeds Shipper's scheduled quantity at such point or Segment is Daily Unauthorized Overrun transportation. Such quantities shall be subject to the Daily Unauthorized Overrun rate (non-Critical or Critical Condition, as applicable). Shipper shall pay an amount obtained by multiplying the Daily Unauthorized Overrun quantities by the Daily Unauthorized Overrun rate on the Statement of Rates.

RATE SCHEDULE FT-1
Firm Transportation Service
(Continued)

6. OVERRUN TRANSPORTATION (Continued)

6.3 Hourly Unauthorized Overrun Transportation at Delivery Points. On any day at each delivery point or Segment, any hourly gas quantity not authorized by El Paso which exceeds Shipper's hourly scheduled entitlement at such point or Segment, including HEEN nominations, if applicable, is an Hourly Unauthorized Overrun delivery. Such quantities shall be subject to the Hourly Unauthorized Overrun rate (non-Critical or Critical, as applicable). Shipper shall pay an amount obtained by multiplying the largest quantity of such Hourly Unauthorized Overrun gas delivered by El Paso to Shipper, or for Shipper's account, at any delivery point during any one hour of a Gas Day by 24 and by the Hourly Unauthorized Overrun rate on the Statement of Rates.

6.4 Shipper shall pay only one Unauthorized Overrun charge when Shipper's Hourly Unauthorized Overruns result in a Daily Unauthorized Overrun. Shipper shall pay the higher of the Daily Unauthorized Overrun amount at that point calculated pursuant to Section 6.2 above, or the Hourly Unauthorized Overrun amount at that point calculated pursuant to Section 6.3 above.

7. Daily Variance

Gas quantities scheduled at a delivery point that are not taken by Shipper, or for Shipper's account, at such point will be subject to a Daily Variance Charge pursuant to Section 32 of the GT&C of this Tariff.

RATE SCHEDULE FT-1
Firm Transportation Service
(Continued)

78. FUEL and L&U

In addition to the payments made pursuant to ~~Section 3~~ the other provisions of this Rate Schedule, Shipper shall provide and be responsible for the fuel and L&U necessary to support for the transportation of natural gas pursuant to Shipper's ~~Executed TSA~~ Transportation Service Agreement. Unless otherwise agreed, the Fuel and L&U charge shall be set forth on the applicable Statement of Rates sheets and shall be subject to adjustment in accordance with Section 26 of the General Terms and Conditions of this Tariff. The fuel charge may be discounted by El Paso; provided, however, that the discounted charge shall not be less than actual fuel incurred for the transactions being discounted. The L&U charge may not be discounted.

89. GENERAL TERMS AND CONDITIONS

Except as otherwise expressly indicated in this Rate Schedule or by the ~~executed~~ Transportation Service Agreement, all of the Transportation General Terms and Conditions contained in this ~~Volume No. 1 A~~ Tariff, including (from and after their effective date) any future modifications, additions or deletions to said General Terms and Conditions, are applicable to transportation service rendered under this Rate Schedule and, by this reference, are made a part hereof. In particular, but without limitation, the scheduling provisions of Section 4, the contract procedures of Section 22, Critical Condition procedures of Section 33, and the reservation charge credit provisions of Section 39 are applicable to this Rate Schedule.

El Paso Natural Gas Company
Second Revised Volume No. 1A

Second Revised Sheet No. 116
1st Revised First Revised Sheet No. 116
Effective: January 1, 1996
Issued: December 27, 1995
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Reserved for future use.

RATE SCHEDULE FT-1
 Firm Transportation Service
 (Continued)

~~109.~~ ~~PROVISIONS APPLICABLE ONLY TO~~ CAPACITY OF SHIPPERS THAT CONVERTED FROM FULL REQUIREMENTS TO CONTRACT DEMAND SERVICE EFFECTIVE SEPTEMBER 1, 2003

~~109.1~~ The maximum capacity rights of converted Full Requirements Shippers ~~will have~~ were defined in the FERC approved Allocation Report in Docket No. RP00-336-010 ~~maximum capacity rights~~. Such defined capacity ~~(which may vary by month by Shipper)~~ originated from various sources, namely, existing Full Requirements capacity, Line 2000 conversion capacity, Line 2000 Power-up capacity, Block 1, Block 2 and Block 3 unsubscribed system capacity, and, in some cases, turned-back capacity. The converted Full Requirements Shippers have the option of entering into either four or six contracts, or a different number of contracts if mutually agreeable, for such capacity.

~~9.5~~ ~~and the Transportation Contract Demand shall be considered to be the yearly average of the total of all such TSAs for purposes of cash out calculations as specified in Section 20.11 32.3 of the General Terms and Conditions of this Tariff.~~

~~9.2~~ ~~Effective September 1, 2003 through the later of December 31, 2005 or the effective date of the next system wide rate change, the annual revenue responsibility assigned to each Shipper listed in Section 9.3 is allocated pro rata to all applicable firm TSAs held by such Shipper based on the Transportation Contract Demand of each TSA, with an Effective Unit Rate reflected in Section 9.3 below. The Effective Unit Rates will be recalculated every year pursuant to Section 25.2 of the General Terms and Conditions of this Tariff.~~

~~9.3~~ ~~The Effective Unit Rate shown below is to be used for purposes of invoicing transportation charges and reservation charge crediting and shall be applicable only through the later of December 31, 2005 or the effective date of the next system wide rate change. Notwithstanding the Effective Unit Rates shown below, the converted FR Shippers shall be permitted to release capacity at rates up to the maximum rates listed in the Statement of Rates sheets.~~

| SHIPPER | TSA NO. | REVENUE RESPONSIBILITY | EFFECTIVE UNIT RATE (dth) |
|---------------------------------|---------|------------------------|---------------------------|
| Production Area | | | |
| PNM Gas Services | 97VW | 100,635 | \$0.7715 |
| Navajo Tribal Utility Authority | 97ZY | 419,702 | \$3.4883 |

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Issued: November 29, 2004
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~~Southern Union Gas~~ ~~97VX~~ ~~234,131~~ ~~\$2.9060~~
~~Company~~

~~RATE SCHEDULE FT 1
 Firm Transportation Service
 (Continued)~~

~~9. PROVISIONS APPLICABLE ONLY TO SHIPPERS THAT CONVERTED FROM FULL
 REQUIREMENTS TO CONTRACT DEMAND SERVICE EFFECTIVE SEPTEMBER 1, 2003
 (Contd.)~~

~~9.3 (Continued)~~

| SHIPPER | TSA NO. | REVENUE RESPONSIBILITY | EFFECTIVE UNIT RATE (dth) |
|--|--|---------------------------------------|--|
| Texas | | | |
| ASARCO Inc. | 9834, 8229, 8234 823E, 722G, 722U | 365,325 | \$5.1063 |
| El Paso Electric Company | 9827, 8224, 8235 8239, 722J, 722M | 2,286,685 | \$1.5491 |
| Phelps Dodge Corporation | 97Z7, 822K, 8236 823Q, 722K, 7236 | 147,674 | \$0.9319 |
| Southern Union Gas Company | 97VX, 822B, 822V 823G, 7229, 722W | 4,478,937 | \$3.1816 |
| New Mexico | | | |
| PNM Gas Services | 97VW, 8222, 822L 8237, 7222, 722P | 2,177,819 | \$1.6570 |
| Las Cruces, New Mexico, City of | 982M, 822A, 822Z 823F, 722C, 722V | 896,267 | \$3.6931 |
| Phelps Dodge Corporation | 97Z7, 822J, 8233 823P, 722H, 7235 | 944,332 | \$3.6561 |

Reserved for future use.

~~RATE SCHEDULE FT 1
 Firm Transportation Service
 (Continued)~~

~~9. PROVISIONS APPLICABLE ONLY TO SHIPPERS THAT CONVERTED FROM FULL
 REQUIREMENTS TO CONTRACT DEMAND SERVICE EFFECTIVE SEPTEMBER 1, 2003
 (Contd.)~~

~~9.3 (Continued)~~

| SHIPPER | TSA NO. | REVENUE | EFFECTIVE |
|---|--|-----------------------|----------------------|
| RESPONSIBILITY | UNIT RATE | (dth) | |
| Arizona | | | |
| Arizona Electric Power Cooperative, Inc. | 9838, 8223, 822M 8238, 7223, 722L | 1,714,670 | \$5.0062 |
| Arizona Public Service Co. & Pinnacle West Energy Corp. | 97ZC, 8225, 822T 823A, 7226, 722N | 6,333,345 | \$2.3790 |
| ASARCO Inc. | 982A, 8226, 822W 823B, 722E, 722R | 287,025 | \$3.0267 |
| BHP Copper Company | 97ZU, 822E, 822P 823K, 7224, 722Z | 1,266,535 | \$7.9916 |
| Citizens Communications Company | 97ZH, 822D, 822U 823J, 722A, 722Y | 3,606,848 | \$3.3716 |
| Mesa, Arizona, City of | 97ZV, 8227, 8232 823C, 722F, 722Q | 1,366,270 | \$4.7956 |
| MGI Supply, Ltd. | 97ZZ, 822F, 822N 823L, 7225, 7232 | 2,205,671 | \$3.9022 |
| Navajo Tribal Utility Authority | 97ZY, 822G, 822R 823M, 7228, 7233 | 229,485 | \$3.7358 |
| Phelps Dodge Corporation | 97Z7, 822H, 822X 823N, 722D, 7234 | 833,072 | \$3.4925 |
| Salt River Project Agricultural Improvement and Power District | 9826, 8228, 822Q 823D, 7227, 722F | 4,635,841 | \$1.1825 |
| Southwest Gas Corporation | 97ZK, 822C, 822Y 823H, 722B, 722X | 32,350,290 | \$5.6171 |

El Paso Natural Gas Company
Second Revised Volume No. 1A

Fourth Revised Sheet No. 118A
Third Revised Sheet No. 118A
Effective: January 1, 2005
Issued: November 29, 2004
Page 2

Reserved for future use.

~~RATE SCHEDULE FT-1
Firm Transportation Service
(Continued)~~

~~9. PROVISIONS APPLICABLE ONLY TO SHIPPERS THAT CONVERTED FROM FULL
REQUIREMENTS TO CONTRACT DEMAND SERVICE EFFECTIVE SEPTEMBER 1, 2003
(Contd.)~~

~~9.4 The Effective Unit Rate and the related monthly revenue
responsibility will remain constant from month to month, regardless
of whether a Shipper's total Transportation Contract Demand varies
on a monthly basis. Variances in Transportation Contract Demand
will not be considered to cause the Effective Unit Rate to require
negotiated rate authority.~~

~~9.5 For the purpose of determining monthly imbalance quantities, the
imbalances occurring under an individual Shipper's separate TSAs
described in Section 9.1 will be considered one imbalance.~~

~~9.6 If the Shippers listed in this Section 9 ("Section 9 Shippers")
acquire any permanent or temporary capacity releases after
September 1, 2003, they will pay the reservation rate specified in
the posted award of the capacity release for that capacity, rather
than the Effective Unit Rate identified in Section 9.3.~~

Reserved for future use.

~~RATE SCHEDULE FT-1~~
~~Firm Transportation Service~~
~~(Continued)~~

~~10. PROVISIONS APPLICABLE TO SHIPPERS THAT CONVERTED TO FIRM TRANSPORTATION~~

~~10.1 Any Shipper that converted firm sales entitlements to firm transportation in accordance with the settlement of the proceeding at Docket No. RP88-44-000, et al., shall be entitled to receive firm transportation of the quantities specified by its Transportation Service Agreement with El Paso for a period, unless otherwise agreed. Following such period, El Paso shall not be authorized, in the absence of written concurrence by the affected Shipper, to avail itself of the "pre-granted" abandonment authority granted by the Commission's Regulations (currently codified at Section 284.221(d)).~~

Reserved for future use.

RATE SCHEDULE FT-2
Firm Transportation Service

1. AVAILABILITY

This Rate Schedule is available to those existing east-of-California customers listed in Section 4 receiving exclusive firm service of no more than 10,000 ~~Dth~~ per day (as further defined in this Rate Schedule) who have elected, as of September 1, 2003, transportation service under this Rate Schedule in lieu of transportation service under Rate Schedule FT-1.

Shipper and El Paso Natural Gas Company (hereinafter referred to as "El Paso" or "Transporter") have executed a TSA, in the form contained in this Volume No. 1-A Tariff, for such firm transportation service.

If Shipper requires transportation service greater than 10,000 ~~Dth~~ per day, Shipper must convert its entire Rate Schedule FT-2 TSA to firm service under Rate Schedule FT-1- or other firm Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule shall apply to all natural gas transported by El Paso for Shipper pursuant to the ~~executed~~ Executed Transportation Service Agreement ("Executed TSA").

2.2 Transportation service hereunder shall be firm, subject to the provisions of the ~~executed Transportation Service Agreement~~ Executed TSA and to the Transportation General Terms and Conditions incorporated herein by reference.

2.3 Transportation service hereunder shall consist of the acceptance by El Paso of natural gas on behalf of Shipper for transportation at the ~~Receipt Point~~ receipt point(s) specified in the ~~executed Transportation Service Agreement~~ Executed TSA, the transportation of that natural gas through El Paso's pipeline system, and the delivery of that gas, after appropriate reductions as provided for in this Rate Schedule, to Shipper or for Shipper's account at the ~~Delivery Point~~ delivery point(s) specified in the ~~executed Transportation Service Agreement~~ Executed TSA.

~~3. RATE~~

~~Shipper shall pay to El Paso each month the charges as applicable to the transportation service rendered by El Paso for Shipper under the executed Transportation Service Agreement. The quantity of natural gas to which the charges shall apply is set forth below.~~
2.4 Shippers under this Rate Schedule have been allocated certain capacity with San Juan Basin receipt rights pursuant to the capacity allocation proceeding at Docket No. RP00-336-000, et al. Such

allocated capacity shall be called Tier 1 capacity. The Tier 1 primary rights for the San Juan Basin are identified in Section 4. Any FT-2 Shipper wishing to utilize primary service above its Tier 1 rights may schedule service on a primary basis from Waha Area or NGPL Lea County receipt points. Any other receipt points, including those from the San Juan Basin if capacity is available, may be scheduled on an alternate basis.

RATE SCHEDULE FT-2
Firm Transportation Service
(Continued)

~~3.~~ RATE 2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

- ~~3.1 Transportation Charges: As compensation for the use of El Paso's facilities in the transportation of natural gas under the executed Transportation Service Agreement, Shipper shall pay a one part volumetric rate applicable to the service provided as set forth below, multiplied by the quantity of natural gas delivered in dth.~~
- ~~(a) Mainline Transportation Charges: The maximum rate(s) per dth, unless otherwise provided, applicable from the production basin(s) in which natural gas is received to the production area(s) within such basin or state(s) in which deliveries are made set forth from time to time on currently effective Sheet Nos. 26, 27 and 28 of this Volume No. 1 A Tariff, or superseding tariff; or~~
- ~~(b) Mainline Shorthaul Charge: The maximum rate(s) per dth, unless otherwise provided, as set forth from time to time on currently effective Sheet No. 28 of this Volume No. 1 A Tariff, or superseding tariff, if the transportation service rendered by El Paso pursuant to the executed Transportation Service Agreement is a forward haul of one hundred miles or less; or~~
- ~~(c) Mainline Backhaul Charge: The maximum rate(s) per dth, unless otherwise provided, as set forth from time to time on currently effective Sheet No. 28 of this Volume No. 1 A Tariff, or superseding tariff, if the transportation service rendered by El Paso pursuant to the executed Transportation Service Agreement is by backhaul.~~
- ~~(d) Comparable Discounts: If El Paso agrees to provide its marketing affiliate a discount for any pipeline service, El Paso shall make such discounted rate contemporaneously available to similarly situated unaffiliated Shippers.~~
- 2.5 Rates of Flow. Shipper may take gas in hourly rates of up to 150% of 1/24th of daily scheduled quantities for any six hours of the gas day. Shipper may not exceed an hourly average of 120% of 1/24th of daily scheduled quantities for any consecutive 12 hours of the gas day. Shipper must be in daily balance of actual receipt and delivery quantities at the end of the gas day.
- 2.6 From time to time, El Paso may request Shipper to go out-of-daily balance and/or may request Shipper to take a differing hourly profile of deliveries to assist in system loading needs.

3. RATE

- 3.1 El Paso, at its sole discretion, may from time to time and at any time selectively adjust any or all of the rates stated below applicable to any individual Shipper; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Rate(s) nor shall they be less than the Minimum Rate(s) set forth on the currently effective Rate Schedule FT-2 Statement of Rates Sheet.
- 3.2 Transportation Charges: Shipper shall pay a one-part volumetric rate applicable to the service provided as set forth below, multiplied by the quantity of natural gas delivered in dth.
- (a) Mainline Transportation Charges: The maximum rate(s) per dth, unless otherwise provided, applicable to the delivery zones (Texas, New Mexico, Arizona) in which deliveries are made, as set forth on the currently effective Statement of Rates Sheet. If delivered quantities are equal to or less than the Tier 1 quantity for that Shipper, the Tier 1 Transportation Charge shall apply. The Tier 2 rate shall apply to any delivered quantity exceeding the Tier 1 quantity.

RATE SCHEDULE FT-2
Firm Transportation Service
(Continued)

4. SHIPPERS RECEIVING RATE SCHEDULE FT-2 SERVICE

TIER 1 QUANTITY 1/

| | |
|--|--------------|
| Apache Nitrogen Products, Inc. | <u>3,206</u> |
| Black Mountain Gas Company | |
| Chemical Lime Company of Arizona | <u>67</u> |
| City of Benson, Arizona | <u>507</u> |
| City of Big Lake, Texas | <u>166</u> |
| City of Deming, New Mexico | <u>3,499</u> |
| City of Denver City, Texas | <u>422</u> |
| City of Goldsmith, Texas | <u>21</u> |
| City of Lordsburg, New Mexico | <u>517</u> |
| City of Morton, Texas | <u>272</u> |
| City of Plains, Texas | <u>140</u> |
| <u>City of Safford, Arizona</u> | <u>1,426</u> |
| City of Socorro, New Mexico | <u>847</u> |
| City of Spur, Texas | <u>127</u> |
| City of Whiteface, Texas | <u>63</u> |
| City of Willcox, Arizona | <u>741</u> |
| Corona, New Mexico, Village of | <u>21</u> |
| Dumas, Texas, City of | <u>1,432</u> |
| Duncan Rural Services Corporation | <u>418</u> |
| EMW Gas Association | <u>1,642</u> |
| Gila Resources | |
| Graham County Utilities, Inc. | <u>1,714</u> |
| McLean, Texas, City of | <u>123</u> |
| Natural Gas Processing Co. | <u>538</u> |
| North Bailey Gas Farmers' Cooperative | |
| Rio Grande Natural Gas Association | <u>8,456</u> |
| Southdown, Inc. | <u>1</u> |
| Sterling Natural Gas, Inc. | <u>69</u> |
| Town of Mountainair, New Mexico | <u>158</u> |
| Zia Natural Gas Company | <u>145</u> |

1/ The Tier 1 Quantity in Mcf/day stated on an annual average basis is the capacity allocated to Shippers in Docket No. RP00-336-010 plus quantities previously allocated to two terminated Rate Schedule FT-2 agreements.

RATE SCHEDULE FT-2
Firm Transportation Service
(Continued)

5. OVERRUN TRANSPORTATION

5.1 Daily Unauthorized Overrun Transportation. On any day, if Shipper's takes under its TSA exceed 10,000 dths in total for all delivery points, the excess shall be deemed Daily Unauthorized Overrun Transportation. Such quantities shall be subject to the Daily Unauthorized Overrun rate. Shipper shall pay an amount obtained by multiplying the quantity of such Daily Unauthorized Overrun quantities by the Daily Unauthorized Overrun rate on the Statement of Rates.

5.2 Hourly Unauthorized Overrun Delivery at Delivery Points. On any day at each delivery point, any hourly gas quantity not authorized by El Paso which exceeds Shipper's hourly scheduled entitlement at such point is an Hourly Unauthorized Overrun delivery. Such quantities shall be subject to the Hourly Unauthorized Overrun rate (non-Critical or Critical Condition as applicable). Shipper shall pay an amount obtained by multiplying the largest quantity of such Hourly Unauthorized Overrun gas delivered by El Paso to Shipper, or for Shipper's account, at any delivery point during any one hour of the Gas Day by 24 and by the Hourly Unauthorized Overrun rate on the Statement of Rates.

5.3 Shipper shall pay only one Unauthorized Overrun charge when Shipper's Hourly Unauthorized Overruns result in a Daily Unauthorized Overrun. Shipper shall pay the higher of the Daily Unauthorized Overrun amount at that point calculated pursuant to Section 5.1 above or the Hourly Unauthorized Overrun amount at that point calculated pursuant to Section 5.2 above.

65. FUEL AND L&U

In addition to the payments made pursuant to ~~Section 3~~ the other provisions of this Rate Schedule, Shipper shall provide and be responsible for ~~fuel and L&U~~ fuel and L&U for the transportation of natural gas pursuant to Shipper's ~~executed TSA~~ Transportation Service Agreement. The ~~fuel and L&U~~ fuel and L&U charge shall be set forth on the applicable Statement of Rates sheets and shall be subject to adjustment in accordance with Section 26 of this Tariff. The fuel charge may be discounted by El Paso; provided, however, that the discounted charge shall not be less than actual fuel incurred in the transaction being discounted.

~~8. PROVISIONS APPLICABLE TO SHIPPERS THAT CONVERTED TO FIRM TRANSPORTATION~~

~~Any Shipper that converted firm sales entitlements to firm transportation in accordance with the settlement of the proceeding at Docket No. RP88-44-000, et al., shall be entitled to receive firm transportation in the quantities specified by its Transportation Service Agreement with El Paso for a period no shorter than the period El Paso's~~

~~Gas Inventory Charge certificate remains in effect. Following such period, El Paso shall not be authorized, in the absence of concurrence by the affected Shipper, to avail itself of the "pre-granted" abandonment authority granted by the Commission's Regulations (currently codified at Section 284.221(d)).~~

~~Reserved Sheets~~

~~Third Revised Sheet No. 129 and Second Revised
Sheet No. 130 have been reserved.~~

RATE SCHEDULE FT-2
Firm Transportation Service
(Continued)

76. TERMINATION OF OTHER SERVICES

Upon the effectiveness of an ~~executed~~ TSA ~~transportation service agreement~~ under this Rate Schedule, all prior ~~TSA~~ transportation agreement(s) entered into between El Paso and Shipper shall be terminated and El Paso, if necessary, shall be deemed to have been granted abandonment authorization pursuant to Section 7(b) of the Natural Gas Act with respect to said terminated ~~transportation agreement(s)~~ TSAs. During the effectiveness of a ~~Transportation Service Agreement~~ TSA under this Rate Schedule, Shipper shall not request or receive transportation service through El Paso's facilities under any other arrangement with El Paso, or any third party. Notwithstanding the above, any existing non-Rate Schedule FT-2 firm Shipper that acquires all or substantially all of the natural gas business of a Rate Schedule FT-2 Shipper may continue service under its existing TSA and under the newly acquired FT-2 TSA. However, this the succeeding Shipper may only use the FT-2 TSA for service to the traditional market area served by that Rate Schedule FT-2 TSA. This shall not preclude a Shipper from entering into a transportation arrangement with any upstream pipeline to transport supplies to El Paso's system.

87. GENERAL TERMS AND CONDITIONS

Except as otherwise expressly indicated in this Rate Schedule or by the ~~executed~~ Transportation Service Agreement, all of the Transportation General Terms and Conditions contained in this ~~Volume No. 1 A~~ Tariff, including (from and after their effective date) any future modifications, additions or deletions to said General Terms and Conditions, are applicable to transportation service rendered under this Rate Schedule and, by this reference, are made a part hereof. In particular, but without limitation, the scheduling provisions of Section 4, the fuel provisions of Section 26 and the critical period provisions of Section 33 are applicable to this Rate Schedule. Furthermore, Section 20.13 of the General Terms and Conditions, "Flexible Receipts and Delivery Points," shall not apply to this Rate Schedule.

Reserved for future use.

RATE SCHEDULE PAL
Interruptible Parking and Lending Service
(Continued)

3. DEFINITIONS (~~continued~~Continued)

3.3 Maximum Lending Quantity: Shipper's Maximum Lending Quantity shall be the total amount permitted to be loaned in Shipper's account, as specified in the executed PALSA.

3.4 Daily PAL Quantity: The maximum daily quantity that may be parked or loaned at the PAL Point as specified in the executed PALSA.

4. RATES AND CHARGES

~~4.1 Shipper shall pay to El Paso each month the following charges for gas parked or loaned at each point for Shipper's account as set forth on Exhibit "A" of the PALSA. Parked Quantities and Loaned quantities will not be netted for billing purposes. Exhibit "A" shall be posted on El Paso's EBB and shall be considered part of the executed PALSA.~~

~~(a) Parking and Lending First Day Charge: The First Day Rate per dth specified in the executed PALSA multiplied by the total quantity of gas parked or loaned at each PAL Point for Shipper's account on the day that the gas quantities are initially parked or loaned.~~

~~(b) Parking and Lending Subsequent Day Charge(s): The appropriate Subsequent Day Rate 4.1 El Paso, at its sole discretion, may from time to time and at any time selectively discount any or all of the rates on the Statement of Rates sheet applicable to any individual Shipper pursuant to Section 35 of the General Terms and Conditions; provided, however, that such discounted rates shall not exceed the applicable Maximum Rate(s) nor shall they be less than the Minimum Rate(s) set forth on the currently effective Statement of Rates sheet.~~

4.2 Shipper shall pay to El Paso each month the following charges for gas parked or loaned at each point for Shipper's account as set forth on Exhibit "A" of the PALSA. Daily parked quantities and loaned quantities on the same PALSA shall be netted for daily billing purposes. Exhibit "A" shall be posted on El Paso's EBB and shall be considered part of the executed PALSA.

(a) Parking and Lending Charge: The rate per dth specified in the executed PALSA multiplied by the total quantity of gas parked or loaned at each PAL Point for Shipper's account for each day service is rendered by El Paso.

(eb) Surcharges: No surcharges are applicable to PAL service under this Rate Schedule.

(~~dc~~) Fuel Charges: Fuel charges are not applicable to service under this Rate Schedule.

~~4.2 Authorized overrun charges shall be assessed on a daily basis for any quantities that exceed the PALSA's Daily PAL Quantity. Authorized overrun charges will be assessed at the maximum Parking and Lending Overrun rate listed on the Statement of Rates Sheet, unless otherwise agreed to in writing by El Paso.~~

RATE SCHEDULE PAL
Interruptible Parking and Lending Service
(Continued)

4. RATES AND CHARGES (~~continued~~Continued)

4.3 Authorized overrun charges shall be assessed on a daily basis for any quantities that exceed the PALSA's Daily PAL Quantity. Authorized overrun charges will be assessed at the rate listed on the Statement of Rates Sheet for overrun charges, unless otherwise agreed to in writing by El Paso.

4.4 In circumstances where El Paso is unable to confirm a valid PAL nomination to pay back a loan or to remove parked quantities:

(~~i~~a) The ~~Subsequent Day~~ Parking or Lending charge shall be reduced to \$0.0000 on that day for such quantities.

(~~i~~b) El Paso and Shipper may mutually agree to extend the term of the PALSA and the rate applicable to the PALSA for an additional amount of time.

~~4.4~~ ~~Adjustment of Rates~~

~~(a) Subject to the terms of the PALSA, El Paso reserves the right to prescribe and/or to adjust at any time upon mutual agreement of the Shipper any of the rates applicable to any individual Shipper without adjusting any other rates for that or another Shipper; provided, however, that such adjusted rate(s) shall not exceed the applicable maximum rate(s) nor shall they be less than the applicable minimum rate(s), set forth from time to time on the Statement of Rates sheets of this Tariff. Downward adjustment to any rate shall be for a specific term. Unless otherwise agreed, at the expiration of the term of the rate specified in the PALSA, the rate for Parking and Lending Service shall revert to the maximum allowable rate under this Rate Schedule.~~

~~(b) El Paso and Shipper may agree that a specified discounted rate will apply under the following conditions: 1) to specified quantities under the PALSA; 2) to specified quantities achieving or not exceeding a certain level; 3) in a specified relationship to quantities actually transported; 4) to specified quantities during specified periods of time or during specified periods of the year; and/or 5) to specified quantities at specific receipts, or 6) based on published index prices for specific PAL Points or other agreed upon pricing reference points for price determination, such discounted rate may be based on the~~

~~published index price point differential or arrived at by
formula.~~

RATE SCHEDULE PAL
Interruptible Parking and Lending Service
(Continued)

~~4. RATES AND CHARGES (continued)~~

~~4.5 Negotiated Rates: Subject to the agreement of the parties, El Paso may charge rates at any level, including rates in excess of the applicable maximum rate, using any rate design. El Paso's maximum rates as shown on its Statement of Rates are available as recourse rates for any Shipper that does not desire to negotiate a rate with El Paso. This provision does not allow El Paso and Shipper to negotiate terms and conditions of service.~~

5. SCHEDULING PAL SERVICE

- 5.1 Shipper shall nominate PAL service under this Rate Schedule in accordance with the nomination procedures set forth in the General Terms and Conditions of this Tariff.
- 5.2 PAL service may be interrupted at any time. Interruption of PAL service may include decreasing, temporarily suspending, or discontinuing the receipt or delivery of gas if El Paso in its reasonable discretion determines that such decrease, suspension or discontinuance is necessary to maintain system integrity or when a higher priority service so requires.
- 5.3 If allocations become necessary, scheduling of PAL services will be based on the priorities for parking and lending services established in Section 4.2 of the General Terms and Conditions of this Tariff.
- 5.4 Shipper shall not pay back more than the quantity loaned nor withdraw more than the quantity parked under the PALSA.

6. INTERRUPTION OR TERMINATION OF PAL SERVICE

- 6.1 Shipper may be required, upon notification from El Paso, to remove quantities of gas previously provided to El Paso under the Parking Service, or return quantities of gas previously loaned to Shipper under the Lending Service. Such notification shall only be made when the required Shipper action is necessary to protect the operational integrity of El Paso's pipeline system or to allow El Paso to fulfill higher priority commitments. Such notification shall be made pursuant to the notification procedures of Section 4.1(a)(ix) of the General Terms and Conditions.

RATE SCHEDULE PAL
Interruptible Parking and Lending Service
(Continued)

7. CREDITWORTHINESS

PAL service is subject to the creditworthiness provisions of Section 19.106 of the General Terms and Conditions of El Paso's Tariff.

8. EXECUTION OF AGREEMENTS

Upon Shipper's request for PAL service, El Paso will provide one Master PAL Agreement to be executed in paper form to each Shipper requesting PAL service. The Master PAL Agreement will evidence the intent of the parties that the Master PAL Agreement, in combination with information provided on all subsequent PALSAs executed by Shipper, will comprise the contractual agreement of the parties. All provisions of the Master PAL Agreement shall be incorporated into each PALSAs unless specifically excepted.

9. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in this Tariff, except as modified in the PALSAs, are made a part of this Rate Schedule. However, for purposes of this Rate Schedule, the term "PALSAs" shall be substituted for all references to the term "Transportation Service Agreement" where such term appears in the General Terms and Conditions. Any future modifications, additions or deletions to said General Terms and Conditions are applicable to PAL service rendered under this Rate Schedule and, by this reference, are made a part thereof.

Reserved for future use.

RATE SCHEDULE FT-H
Hourly Firm Transportation Service

1. AVAILABILITY

This Rate Schedule is available to any party (hereinafter referred to as "Shipper") for the hourly transportation of natural gas on a firm basis by El Paso Natural Gas Company (hereinafter referred to as "El Paso" or "Transporter") under the following conditions:

- 1.1 Transporter determines it has sufficient available and uncommitted capacity to perform the hourly firm transportation service requested;
- 1.2 Transporter shall not be obligated to construct, modify or acquire facilities or gas supplies to perform hourly transportation service;
- 1.3 Shipper has met the creditworthiness requirements of this Tariff; and
- 1.4 Shipper has an Executed TSA for service under this Rate Schedule in the form contained in this Tariff ("FTH TSA").
- 1.5 Hourly transportation service is available only at delivery points listed on Exhibit A of Shipper's FTH TSA. Such delivery points must also be identified as Premium Service Delivery Points on Transporter's EBB.
- 1.6 Hourly firm transportation service is available to any party meeting the requirements of this Rate Schedule including delivery point operators.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule shall apply to all natural gas transported by Transporter for Shipper pursuant to the executed FTH TSA.
- 2.2 Hourly transportation service hereunder shall be firm, subject to the provisions of the executed FTH TSA and to the General Terms and Conditions ("GT&C") incorporated herein by reference.

RATE SCHEDULE FT-H
Hourly Firm Transportation Service
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.3 Hourly transportation service hereunder shall consist of the acceptance by Transporter of natural gas on behalf of Shipper for transportation at the receipt points specified in the executed FTH TSA on a ratable basis, the transportation of that natural gas through Transporter's pipeline system, and the delivery of that gas to Shipper, or for Shipper's account, on an unequal hourly basis, after appropriate reductions as provided for in this Rate Schedule, to Shipper, or for Shipper's account, at the delivery points specified in the executed FTH TSA.

2.4 Rate Schedule FT-H service is a daily transportation service comprised of hourly delivery service based on firm rights to varying hourly entitlements at Premium Service Delivery Points.

(a) Daily Transportation Service.

- (i) Shipper shall nominate a transportation quantity in accordance with the provisions of Section 4 of the GT&C.
- (ii) Daily gas quantities in excess of Shipper's daily scheduled quantities are daily overrun quantities pursuant to Section 7 below.

(b) Hourly Delivery Service Entitlements.

- (i) Hourly point entitlements, as defined in Section 2.6 below, shall be described in Shipper's FTH TSA.
- (ii) Hourly gas quantities are not nominated and scheduled. Shipper's daily scheduled quantities will be allocated on an hourly basis based on the hourly entitlements described in Shipper's FTH TSA.
- (iii) An unused hourly delivery point entitlement may be used at such delivery point during subsequent hours in the Gas Day subject to the restrictions on peak hour flows.
- (iv) Shipper agrees to provide Transporter with the most current estimate of its hourly requirements over the course of the Gas Day.

RATE SCHEDULE FT-H
Hourly Firm Transportation Service
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.5 Hourly service options, pursuant to Section 2.6 below, may be purchased as follows:

- (a) Winter contract ("FTH-W"); hourly firm transportation service is available for the five consecutive months during the November through March winter period.
- (b) Summer contract ("FTH-S"); hourly firm transportation service is available for the seven consecutive months during the April through October summer period.
- (c) Shippers may contract for hourly firm transportation service separately with a summer or winter contract, or jointly to create an annual contract for service ("FTH-A").
- (d) Shipper's delivery point MDQ for a winter or summer contract shall remain the same throughout each season.
- (e) Maximum rate hourly firm transportation service that is contracted for a winter contract or summer contract for a term of more than one year, or as an annual contract as described in Section 2.5(c) above, is eligible for a regulatory right-of-first-refusal pursuant to GT&C Section 20.16.

2.6 The following hourly transportation service options are available under this Rate Schedule FT-H. Rate Schedule FT-H service options must be contracted separately.

- (a) Three Hour Enhanced Peaking Service "FTH-3." Subject to the limitation that gas quantities taken at a delivery point may not exceed the daily scheduled quantity at such point, on any Gas Day, Shipper may take gas quantities at such point at a rate equivalent to:

RATE SCHEDULE FT-H
Hourly Firm Transportation Service
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.6 (a) (Continued)

- (i) up to 150% of 1/24th of the daily scheduled quantity at such point for up to five hours in the Gas Day subject to the limit that no more than three such hours may be consecutive hours in the Gas Day; however, no one hour in the Gas Day may exceed 150% of 1/24th of the daily scheduled quantity; and
 - (ii) up to an average of 130% of 1/24th of the daily scheduled quantity at such point for any six consecutive hours but not to exceed nine hours in the Gas Day; however, no one hour in this period may exceed 150% of 1/24th of the daily scheduled quantity; and
 - (iii) up to an average of 120% of 1/24th of the daily scheduled quantity at such point for any twelve consecutive hours; however, no one hour in this period may exceed 150% of 1/24th of the daily scheduled quantity.
 - (iv) Hourly quantities in excess of any one of the Section 2.6 (a)(i) through Section 2.6 (a)(iii) criterion will be hourly overrun quantities.
 - (v) Subject to the provisions of Section 2.6(e) below, Transporter will provide a minimum pressure commitment of 250 p.s.i.g. at Shipper's primary delivery points, unless Shipper agrees to a lower minimum pressure. Pressure obligations at any meter included in an aggregation group ("D-Code") will be specified in the Operator agreement covering that D-Code.
- (b) Twelve Hour Peaking Service "FTH-12." Subject to the limitation that gas quantities taken at a delivery point may not exceed the daily scheduled quantity at such point, on any Gas Day, Shipper may take gas quantities at such point at a rate equivalent to:
- (i) up to an average of 150% of 1/24th of the daily scheduled quantity at such point in any hour for up to any twelve hours in a Gas Day; however, no one hour in the Gas Day may exceed 150% of 1/24th of the daily scheduled quantity. Hourly quantities in excess of an average of 150% of 1/24th of the daily scheduled quantity at a primary delivery point in any hour during the Gas Day will be hourly overrun quantities.

RATE SCHEDULE FT-H
Hourly Firm Transportation Service
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.6 (b) (Continued)

- (ii) Subject to the provisions of Section 2.6(e) below, Transporter will provide a minimum pressure commitment ranging between 400 to 550 p.s.i.g. at Shipper's primary delivery points, unless Shipper agrees to a lower minimum pressure. Pressure obligations at any meter included in a D-Code will be specified in the Operator agreement covering that D-Code.
- (c) Sixteen Hour Peaking Service "FTH-16." Subject to the limitation that gas quantities taken at a delivery point may not exceed the daily scheduled quantity at such point, on any Gas Day, Shipper may take gas quantities at such point at a rate equivalent to:
- (i) up to an average of 150% of 1/24th of the daily scheduled quantity at such point in any hour for up to any sixteen hours in a Gas Day; however, no one hour in the Gas Day may exceed 150% of 1/24th of the daily scheduled quantity. Hourly quantities in excess of an average of 150% of 1/24th of the daily scheduled quantity at a primary delivery point in any hour during the Gas Day will be hourly overrun quantities.
- (ii) Subject to the provisions of Section 2.6(e) below, Transporter will provide a minimum pressure commitment ranging between 400 to 550 p.s.i.g. at Shipper's primary delivery points, unless Shipper agrees to a lower minimum pressure. Pressure obligations at any meter included in a D-Code will be specified in the Operator agreement covering that D-Code.
- (d) Eight Hour Peaking Service "FTH-8." Subject to the limitation that gas quantities taken at a delivery point may not exceed the daily scheduled quantity at such point, on any Gas Day, Shipper may take gas quantities at such point at a rate equivalent to:

RATE SCHEDULE FT-H
Hourly Firm Transportation Service
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.6 (d) (Continued)

(i) up to an average of 300% of 1/24th of the daily scheduled quantity at such point in any hour for up to any eight hours in a Gas Day; however, no one hour in the Gas Day may exceed 300% of 1/24th of the daily scheduled quantity. Hourly quantities in excess of an average of 300% of 1/24th of the daily scheduled quantity at a primary delivery point in any hour during the Gas Day will be hourly overrun quantities.

(ii) Subject to the provisions of Section 2.6(e) below, Transporter will provide a minimum pressure commitment ranging between 400 to 550 p.s.i.g. at Shipper's primary delivery points, unless Shipper agrees to a lower minimum pressure. Pressure obligations at any meter included in a D-Code will be specified in the Operator agreement covering that D-Code.

(e) Shippers with an existing pressure commitment in a Rate Schedule FT-1 transportation service agreement, who re-contract to Rate Schedule FT-H hourly firm transportation service, will have a "grandfathered" right to the Rate Schedule FT-1 pressure commitment for a period of time up to the original term of the Rate Schedule FT-1 transportation service agreement.

2.7 Hourly Delivery Transfer. Effective January 1, 2007, should Shipper elect non-uniform rates of flow pursuant to Section 2.6 above, Shipper may request and Transporter may approve, the hourly transfer of any unused hourly delivery point entitlement quantities to Shipper's next eligible hydraulically equivalent upstream delivery point in the same geographic region so that such unused hourly entitlement quantities are combined with Shipper's other hourly delivery quantities at such location. The transfer of such quantities shall be based on unused hourly rights at each location.

(a) Hourly delivery transfers will utilize alternate capacity only.

(b) Delivery points eligible for hourly delivery transfer are identified on the EBB as Premium Service Delivery Points and must also be listed as primary delivery points on Exhibit A of Shipper's FTH TSA. Transporter will update the list of eligible delivery points as experience and operating conditions allow.

RATE SCHEDULE FT-H
Hourly Firm Transportation Service
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.7 (Continued)

(c) Delivery point entitlements transferred from a primary delivery point must be equal to, or less than, Shipper's hourly entitlement pursuant to Shipper's FTH TSA, less hourly deliveries to such point resulting from nominations for delivery to that point.

(d) Hourly delivery transfers to primary delivery points shall not exceed the quantity limitations for the time periods specified in Shipper's FTH TSA.

(e) The transfer of such hourly entitlements may not affect service to any other firm Shipper.

2.8 To calculate the actual measured hourly rate of flow, should the delivery location be part of an aggregation of points under a D-Code, some or all of which have physical gas measurement equipment compatible with Transporter's system and capable of registering hourly flows, the hourly profile derived from hourly measured meters shall be applied to the volumes delivered to any meters in the aggregation without hourly measurement equipment.

3. CONDITIONS OF SERVICE

3.1 Shipper's daily scheduled quantity at a delivery point will be converted to hourly entitlements based on the hourly profile described in Shipper's FTH TSA.

3.2 On an alternate basis, Shipper may use its hourly entitlements pursuant to its FTH TSA at Premium Service Delivery Points not listed in Shipper's FTH TSA if the distance between the receipt point and delivery point and the flow path are equivalent to the points listed in the FTH TSA. If such points are not equivalent, they may be used on an alternate basis at uniform rates of flow pursuant to the requirements of this Tariff.

3.3 Rate Schedule FT-H capacity may be released to another party.

(a) The Acquiring Shipper will retain hourly service rights, as defined in the Releasing Shipper's FTH TSA, at the primary delivery points released by the Releasing Shipper. The Acquiring Shipper may schedule to alternate delivery points on a secondary basis subject to the provisions of Section 3.2 of this Rate Schedule.

RATE SCHEDULE FT-H
Hourly Firm Transportation Service
(Continued)

3. CONDITIONS OF SERVICE (Continued)

3.3 (Continued)

(b) Released Rate Schedule FT-H capacity will become Rate Schedule FT-1 capacity if the Acquiring Shipper re-designates an acquired delivery point to another delivery point; however, the Acquiring Shipper will continue to pay the maximum applicable Rate Schedule FT-H rates for such service.

3.4 Flow day diversions, pursuant to GT&C Section 4.1(g), are not available to Rate Schedule FT-H Shippers.

3.5 From time to time, Transporter may request Shipper to go out of daily balance and/or may request Shipper to take a differing hourly profile of deliveries to assist in system loading needs.

4. HOURLY POINT RIGHTS

Transporter shall provide defined hourly transportation service at Premium Service Delivery Points pursuant to this Rate Schedule.

4.1 Delivery locations eligible for hourly service must be identified on Transporter's EBB as Premium Service Delivery Points.

4.2 Where deliveries involve service to non-Premium Service Delivery Points, Shipper must take deliveries, or cause deliveries to be taken, at uniform rates of flow and Shipper's hourly rights will be deemed to be 1/24th of daily scheduled quantities at such points.

4.3 A Shipper's total hourly rights at a delivery point will be determined by summing Shipper's contracted hourly entitlements under all Shipper's TSAs for which gas is scheduled for delivery to such point.

4.4 All nominations will be for daily quantities. Transporter will apply hourly profiles, pursuant to Shipper's FTH TSA, to the nominated and confirmed daily quantities to determine hourly entitlements.

4.5 Gas flows at Premium Service Delivery Points will be allocated to contracts scheduled to such points in the following order:

(a) Daily transportation service requiring uniform 1/24th of scheduled quantity flow rate;

(b) Hourly transportation service providing for Twelve Hour Peaking Service under Rate Schedule FT-H;

RATE SCHEDULE FT-H
Hourly Firm Transportation Service
(Continued)

4. HOURLY POINT RIGHTS (Continued)

4.5 (Continued)

- (c) Hourly transportation service providing for Sixteen Hour Peaking Service under Rate Schedule FT-H;
- (d) Hourly transportation service providing for Eight Hour Peaking Service under Rate Schedule FT-H;
- (e) Hourly transportation service providing for Three Hour Enhanced Service under Rate Schedule FT-H;
- (f) Daily no-notice transportation service requiring uniform flow rate under Rate Schedule NNTD;
- (g) Hourly no-notice transportation service providing for Twelve Hour Peaking Service under Rate Schedule NNTH;
- (h) Hourly no-notice transportation service providing for Sixteen Hour Peaking Service under Rate Schedule NNTH;
- (i) Hourly no-notice transportation service providing for Three Hour Enhanced Service under Rate Schedule NNTH;
- (j) Authorized hourly overrun service; and
- (k) Interruptible hourly swing service pursuant to Rate Schedule IHSW.

4.6 On any Gas Day, using the nomination process, a Shipper may request to reduce its hourly contract entitlement level at a delivery point to create additional useable daily capacity in the manner described below:

Eight Hour Peaking Service may be reduced to Sixteen Hour Peaking Service, Twelve Hour Peaking Service, Three Hour Enhanced Service, or to a uniform rate of flow, i.e. 1/24th of the daily scheduled quantity;

Sixteen Hour Peaking Service may be reduced to Twelve Hour Peaking Service, Three Hour Enhanced Service, or to a uniform rate of flow, i.e. 1/24th of the daily scheduled quantity;

Twelve Hour Peaking Service may be reduced to Three Hour Enhanced Service, or to a uniform rate of flow, i.e. 1/24th of the daily scheduled quantity;

RATE SCHEDULE FT-H
Hourly Firm Transportation Service
(Continued)

4. HOURLY POINT RIGHTS (Continued)

4.6 (Continued)

Three Hour Enhanced Service may be reduced to a uniform rate of flow, i.e. 1/24th of the daily scheduled quantity.

- (a) Such requested reduction must take place in the Timely Nomination Cycle (Cycle 1) or the Evening Nomination Cycle (Cycle 2). Once such reduction has been made, it can not be changed until the next available Cycle 1.
- (b) Delivery point and path capacity that become available as a result of such reduction may be used to provide transportation service for others, including another firm Shipper or interruptible Shipper.
- (c) A Shipper who has reduced its hourly entitlement level will be assessed overrun charges based on the lower service option the Shipper has selected.

5. RATE

Shipper shall pay to Transporter each month the charges set forth below under the executed FTH TSA.

5.1 Transporter, at its sole discretion, may from time to time and at any time, selectively discount any or all of the rates stated below applicable to any individual Shipper; provided, however, that such adjusted rates shall not exceed the applicable Maximum Rate nor shall they be less than the Minimum Rate set forth on the currently effective Statement of Rates sheet of this Tariff.

5.2 Mainline Reservation Charges: Shipper shall pay the Reservation Charges applicable to the service option contracted for in the FTH TSA subject to this Rate Schedule. This charge shall be determined by multiplying Shipper's Transportation Contract Demand ("TCD") by the reservation rate specified in the FTH TSA. The Reservation Charges payable under this Rate Schedule will include all applicable reservation surcharges, unless otherwise provided in the FTH TSA.

5.3 Usage Charge: Unless otherwise provided in the FTH TSA, Shipper shall pay the maximum rate per dth applicable to the delivery zones (Production Area, Texas, New Mexico, Arizona, and Nevada) in which deliveries are made as set forth from time to time on the applicable Statement of Rates Sheet. The usage charges payable under this Rate Schedule will include all applicable usage surcharges, unless otherwise provided in the FTH TSA.

RATE SCHEDULE FT-H
Hourly Firm Transportation Service
(Continued)

5. RATE (Continued)

5.4 Incremental Facility Charge. When the construction of new minor facilities is required in order to provide service to Shipper, Shipper shall pay Transporter for such facilities including any related taxes. The Parties shall agree as to whether Shipper shall (1) make a one-time 100 percent reimbursement for the cost of facilities or (2) pay the cost of facilities through installment payments over a period of time. If the Parties agree that Shipper shall pay Transporter for the facilities via installments, the facility charge shall include the cost of the facilities plus any related taxes, plus interest as agreed to by the Parties. If a contribution in aid of construction ("CIAC") is paid by the Shipper in accordance with a construction of facilities agreement and such transaction is determined to be taxable, the CIAC shall be increased by an amount to compensate for the corporate income tax effects thereof.

6. RESERVATION CHARGE CREDIT

Transporter shall provide reservation charge credits to a Rate Schedule FT-H Shipper when it is unable to schedule such Shipper's nominated and confirmed quantities on a daily basis pursuant to GT&C Section 39, subject to the conditions of this Rate Schedule.

7. OVERRUN TRANSPORTATION

7.1 Daily Authorized Overrun Transportation at Delivery Points. On any day, upon request of Shipper and with Transporter's consent, Transporter may deliver total quantities at any delivery point in excess of Shipper's scheduled quantity. Such request for Authorized Overrun service includes the same hourly entitlements provided for in the FTH TSA pursuant to Section 2.6 of this Rate Schedule. All such quantities shall be delivered as Authorized Overrun gas on an interruptible basis. Shipper shall pay an amount obtained by multiplying the quantity of such overrun gas delivered by Transporter to Shipper, or for Shipper's account, at each delivery point by the Daily Authorized Overrun rate. The Daily Authorized Overrun rate shall be the applicable maximum rate unless otherwise agreed to by Transporter and Shipper. Such rate shall not be less than the applicable minimum rate or more than the applicable maximum rate as set forth on the Statement of Rates.

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RATE SCHEDULE FT-H
Hourly Firm Transportation Service
(Continued)

7. OVERRUN TRANSPORTATION (Continued)

7.2 Hourly Authorized Overrun Transportation at Delivery Points. For use in any hour, a Shipper scheduling less than its contracted hourly entitlement at a primary delivery point may nominate Authorized Hourly Overrun at such point up to the level of Shipper's hourly entitlement that would have been available had Shipper scheduled its contracted MDQ at that point. All such quantities shall be delivered as Authorized Overrun gas on an interruptible basis. Shipper shall pay an amount obtained by multiplying the Hourly Authorized Overrun rate by the total quantity actually delivered in excess of the hourly quantity scheduled at that point, subject to Section 7.2(a) below. The Hourly Authorized Overrun rate shall be the applicable maximum rate unless otherwise agreed to by Transporter and Shipper. Such rate shall not be less than the applicable minimum rate or more than the applicable maximum rate as set forth on the Statement of Rates.

(a) The Authorized Overrun nomination shall be stated in daily terms and the hourly entitlement so authorized shall be determined based on the daily nomination and the hourly entitlements provided for in the FTH TSA.

(b) The daily nomination for hourly overrun shall not be deemed a flowing gas nomination for daily balancing purposes.

(c) A Shipper scheduling to an alternate point is not eligible for Authorized Hourly Overrun service. A Shipper's hourly rights are limited to its primary delivery points.

7.3 Daily Unauthorized Overrun Transportation at Delivery Points. On any day at each delivery point, any gas quantity not authorized by Transporter which exceeds Shipper's scheduled quantity at such point is Daily Unauthorized Overrun transportation. Such quantities shall be subject to the Daily Unauthorized Overrun rate (Non-Critical or Critical Condition as applicable). Shipper shall pay an amount obtained by multiplying the Daily Unauthorized Overrun quantities by the Daily Unauthorized Overrun rate on the Statement of Rates.

RATE SCHEDULE FT-H
Hourly Firm Transportation Service
(Continued)

7. OVERRUN TRANSPORTATION (Continued)

7.4 Hourly Unauthorized Overrun Delivery at Delivery Points. On any day at each delivery point, any hourly gas quantity not authorized by Transporter which exceeds Shipper's hourly scheduled entitlement at such point is an Hourly Unauthorized Overrun delivery. Such quantities shall be subject to the Hourly Unauthorized Overrun rate (Non-Critical or Critical Condition as applicable). Shipper shall pay an amount obtained by multiplying the largest quantity of such Hourly Unauthorized Overrun gas delivered by Transporter to Shipper, or for Shipper's account, at any delivery point during any one hour of the Gas Day by 24 and by the Hourly Unauthorized Overrun rate on the Statement of Rates.

7.5 Shipper shall pay only one Unauthorized Overrun charge when Shipper's Hourly Unauthorized Overruns result in a Daily Unauthorized Overrun. Shipper shall pay the higher of the Daily Unauthorized Overrun amount at that point calculated pursuant to Section 7.3 above or the Hourly Unauthorized Overrun amount at that point calculated pursuant to Section 7.4 above.

8. Daily Variance

Gas quantities scheduled at a delivery point that are not by taken by Shipper, or for Shipper's account, at such point will be subject to a Daily Variance Charge pursuant to Section 32 of the GT&C of this Tariff.

9. FUEL AND L&U

In addition to the payments made pursuant to the other provisions of this Rate Schedule, Shipper shall provide and be responsible for the Fuel and L&U necessary to support the transportation of natural gas pursuant to Shipper's FTH TSA. Unless otherwise agreed, the Fuel and L&U charge shall be set forth on the applicable Statement of Rates sheets and shall be subject to adjustment in accordance with Section 26 of the GT&C of this Tariff.

RATE SCHEDULE FT-H
Hourly Firm Transportation Service
(Continued)

10. GENERAL TERMS AND CONDITIONS

Except as otherwise expressly indicated in this Rate Schedule or by the TSA, all of the GT&C contained in this Tariff, including (from and after their effective date) any future modifications, additions or deletions to said GT&C, are applicable to the service rendered under this Rate Schedule and, by this reference, are made a part hereof. In particular, but without limitation, the scheduling provisions of Section 4, the operating provisions for firm transportation service of Section 20, the contract procedures of Section 22, the fuel provisions of Section 26, the imbalance procedures of Section 32, Critical Condition procedures of Section 33, and reservation charge credit provisions of Section 39 are applicable to this Rate Schedule.

RATE SCHEDULE FDBS
Firm Daily Balancing Service

1. AVAILABILITY

This Rate Schedule is available to any party (hereinafter referred to as "Shipper") for the daily balancing of natural gas transportation deliveries to scheduled quantities on a firm basis by El Paso Natural Gas Company (hereinafter referred to as "El Paso" or "Transporter") under the following conditions:

- 1.1 Transporter determines it has sufficient available and uncommitted operational capacity and has the physical capability to perform the firm daily balancing service requested;
- 1.2 Shipper has met the creditworthiness requirements of this Tariff;
- 1.3 Shipper has an Executed TSA for service under this Rate Schedule in the form contained in this Tariff ("FDBS TSA"); and
- 1.4 Shipper and Transporter have executed a companion TSA under Transporter's Rate Schedule FT-1 or Rate Schedule FT-H ("FT TSA") for firm transportation of gas.
 - (a) The FDBS TSA must include the same primary delivery points as provided in the FT TSA;
 - (b) The maximum daily quantity ("MDQ") of the FDBS TSA at a primary delivery point is no more than 10% of the MDQ of such point in the FT TSA; and
 - (c) The FDBS TSA must be for a term equal to or less than the term of the FT TSA.
- 1.5 Firm daily balancing service is available only at delivery points listed on Exhibit A of Shipper's FT TSA. Such delivery points must also be identified as Premium Service Delivery Points on Transporter's EBB.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 Daily balancing service hereunder shall be firm, subject to the provisions of the executed FDBS TSA and to the General Terms and Conditions ("GT&C") incorporated herein by reference.

RATE SCHEDULE FDBS
Firm Daily Balancing Service
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE

2.2 Except as otherwise provided in this Tariff, at each Delivery Point, hourly quantities delivered, or caused to be delivered, for Shipper's account shall not exceed 1/24th of Shipper's daily scheduled quantities at such point.

2.3 Firm daily balancing service hereunder shall consist of:

- (a) Transporter retaining nominated and confirmed natural gas quantities on Transporter's pipeline system ("Bank") at the delivery points specified in the executed FDBS TSA up to the FDBS TSA MDQ for each point; and
- (b) Transporter delivering nominated and confirmed natural gas quantities, after appropriate reductions as provided for in this Rate Schedule, to delivery points specified in the executed FDBS TSA ("Draw") up to the FDBS TSA MDQ for each point.
- (c) Firm balancing service will be provided on a daily basis up to a Shipper's Maximum Inventory Amount.
 - (i) Maximum Inventory Amount is the maximum quantity a Shipper can Bank or Draw at a delivery point. The Maximum Inventory Amount is calculated as the difference between the FDBS TSA MDQ at a delivery point and the sum of the accumulated end-of-day balances at such point.

2.4 The daily balancing service(s) available under this Rate Schedule FDBS are as follows:

- (a) Annual contract ("FDBS-A"); firm daily balancing service is available on an annual basis.
- (b) Winter contract ("FDBS-W"); firm daily balancing service is available for the five consecutive months during the November through March winter period.
- (c) Summer contract ("FDBS-S"); firm daily balancing service is available for the seven consecutive months during the April through October summer period.

RATE SCHEDULE FDBS
Firm Daily Balancing Service
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE

2.4 continued

(d) Maximum rate firm daily balancing service that is contracted for a winter contract or summer contract for a term of more than one year, or as an annual contract as described in Section 2.4(a) above, is eligible for a regulatory right-of-first-refusal pursuant to GT&C Section 20.16.

2.5 Daily Balancing Quantities

(a) On any Gas Day, Shipper's Bank or Draw quantities for that day at the delivery point plus the previous accumulated end-of-day balance at such delivery point may not exceed the Maximum Inventory Amount for such point.

(b) On any Gas Day, if the sum of the Bank or Draw quantities and the related FT TSA scheduled quantities at a delivery point exceed the MDQ for that point contained in the FT TSA, the excess quantities will be treated as unauthorized overrun quantities on the companion FT TSA.

3. CONDITIONS OF SERVICE

3.1 Notwithstanding the above, Shipper may bank or draw gas quantities at a delivery point in an amount no greater than the FDBS TSA MDQ for such point. Transporter will not provide daily balancing service when Shipper's total outstanding FDBS end-of-day balance at a delivery point equals the FDBS Maximum Inventory Amount.

3.2 Firm daily balancing service quantities must be nominated and confirmed to the FDBS TSA in accordance with the provisions of Section 4 of the GT&C. Transporter will accept such nominations at times in addition to those stated in GT&C Section 4; however no nomination will be accepted after the Intraday 2 Nomination Cycle (Cycle 4).

3.3 Resolution of FDBS End-of-Day Balances.

(a) An FDBS end-of-day balance shall be resolved through the use of physical make-up or payback gas quantities.

(b) Make-up or payback nominations shall be made pursuant to GT&C Section 4.

RATE SCHEDULE FDBS
Firm Daily Balancing Service
(Continued)

3. CONDITIONS OF SERVICE (Continued)

3.3 (Continued)

(c) At the end of the month, an FDBS end-of-day balance at a delivery point may be netted with an FDBS end-of-day balance at another delivery point under the FDBS TSA as long as such netting does not serve to effectuate transportation across persistent system constraints.

(d) An FDBS end-of-day balance that has not been eliminated for 30 days will be cashed out at the end of the next calendar month pursuant to GT&C Section 32.

3.4 During Critical Conditions, Shipper may only nominate 50% of the FDBS TSA MDQ at a primary delivery point.

3.5 During a Critical Condition, firm daily balancing service will be limited in the area affected by the Critical Condition. Such limitation will be consistent with the direction (i.e. Bank or Draw) specified in the notice of Critical Condition.

(a) During a Bank Critical Condition, Shipper may be required to reduce an accumulated Bank end-of-day balance at a delivery point in the affected area to a level no greater than 50% of the FDBS TSA delivery point MDQ. Shipper may Draw quantities at such point up to such point's MDQ.

(b) During a Draw Critical Condition, Shipper may be required to reduce an accumulated Draw end-of-day balance at a delivery point in the affected area to a level no greater than 50% of the FDBS TSA delivery point MDQ. Shipper may Bank quantities at such point up to such point's MDQ.

(c) Upon notification by Transporter that an end-of day balance must be reduced, Shipper will be required to submit a nomination pursuant to Section 4 of the GT&C in the next available nomination cycle to reduce the delivery point end-of-day balance as soon as possible, by no later than the next Gas Day. Transporter's notice to Shipper shall be provided using the notification procedures of GT&C Section 4.1(a)(ix) and will identify the delivery point.

(d) Unless otherwise agreed by Transporter and Shipper, any delivery point Draw end-of-day balance not reduced within the period of time specified by Transporter shall be treated as unauthorized daily overrun on the companion FT TSA and billed accordingly.

RATE SCHEDULE FDBS
Firm Daily Balancing Service
(Continued)

3. CONDITIONS OF SERVICE (Continued)

3.5 (Continued)

(e) Unless otherwise agreed by Transporter and Shipper, any delivery point Bank end-of-day balance not reduced within the period of time specified by Transporter shall be treated as a Daily Variance on the companion FT TSA and billed accordingly.

(f) Should Transporter receive a valid nomination to reduce an end-of-day balance at a delivery point but be unable to confirm or schedule such nomination, the obligation of Shipper to comply with that notification, but not the obligation to submit nominations, shall be suspended until such time as Transporter's operational conditions permit such nomination to be confirmed and scheduled.

3.6 Rate Schedule FDBS capacity may be released to another party. The Acquiring Shipper must meet the requirements of this Rate Schedule.

4. RATE

Shipper shall pay to Transporter each month the charges set forth below under the executed FDBS TSA.

4.1 Transporter, at its sole discretion, may from time to time and at any time, selectively discount any or all of the rates stated below applicable to any individual Shipper; provided, however, that such adjusted rates shall not exceed the applicable Maximum Rate nor shall they be less than the Minimum Rate set forth on the currently effective Statement of Rates sheet of this Tariff.

4.2 Mainline Reservation Charges: Shipper shall pay the Reservation Charges applicable to an FDBS TSA subject to this Rate Schedule. This charge shall be determined by multiplying Shipper's Transportation Contract Demand ("TCD") by the reservation rate specified in the FDBS TSA. The Reservation Charges payable under this Rate Schedule will include all applicable reservation surcharges, unless otherwise provided in the FDBS TSA.

4.3 Usage Charge: Unless otherwise provided in the FDBS TSA, Shipper shall pay the maximum rate per dth as set forth from time to time on the applicable Statement of Rates Sheet. The usage charges payable under this Rate Schedule will include all applicable usage surcharges, unless otherwise provided in the FDBS TSA.

RATE SCHEDULE FDBS
Firm Daily Balancing Service
(Continued)

4. RATE (Continued)

4.4 Incremental Facility Charge. When the construction of new minor facilities is required in order to provide service to Shipper, Shipper shall pay Transporter for such facilities including any related taxes. The Parties shall agree as to whether Shipper shall (1) make a one-time 100 percent reimbursement for the cost of facilities or (2) pay the cost of facilities through installment payments over a period of time. If the Parties agree that Shipper shall pay Transporter for the facilities via installments, the facility charge shall include the cost of the facilities plus any related taxes, plus interest as agreed to by the Parties. If a contribution in aid of construction ("CIAC") is paid by the Shipper in accordance with a construction of facilities agreement and such transaction is determined to be taxable, the CIAC shall be increased by an amount to compensate for the corporate income tax effects thereof.

5. Reservation Charge Credit

Transporter shall provide reservation charge credits to a Rate Schedule FDBS Shipper when it is unable to schedule such Shipper's nominated and confirmed quantities on a daily basis pursuant to GT&C Section 39, subject to the conditions of this Rate Schedule.

6. FUEL AND L&U

In addition to the payments made pursuant to the other provisions of this Rate Schedule, Shipper shall provide and be responsible for the Fuel and L&U necessary to support the transportation of natural gas pursuant to Shipper's FDBS TSA. Unless otherwise agreed, the Fuel and L&U charge shall be set forth on the applicable Statement of Rates sheets and shall be subject to adjustment in accordance with Section 26 of the GT&C of this Tariff.

RATE SCHEDULE FDBS
Firm Daily Balancing Service
(Continued)

7. GENERAL TERMS AND CONDITIONS

Except as otherwise expressly indicated in this Rate Schedule or by the FDBS TSA, all of the GT&C contained in this Tariff, including (from and after their effective date) any future modifications, additions or deletions to said GT&C, are applicable to the service rendered under this Rate Schedule and, by this reference, are made a part hereof. In particular, but without limitation, the scheduling provisions of Section 4, the operating provisions for firm transportation service of Section 20, the contract procedures of Section 22, the fuel provisions of Section 26, Critical Condition procedures of Section 33, and reservation charge credit provisions of Section 39 are applicable to this Rate Schedule.

RATE SCHEDULE NNTD
No-Notice Transportation Service - Daily

1. AVAILABILITY

This Rate Schedule is available to any party (hereinafter referred to as "Shipper") for the enhanced daily transportation of natural gas on a firm basis by El Paso Natural Gas Company (hereinafter referred to as "El Paso" or "Transporter") under the following conditions:

- 1.1 Transporter determines it has sufficient available and uncommitted capacity to perform the enhanced daily firm transportation service requested;
- 1.2 Transporter shall not be obligated to construct, modify or acquire facilities or gas supplies to perform the enhanced daily transportation service;
- 1.3 Shipper has met the creditworthiness requirements of this Tariff; and
- 1.4 Shipper has an Executed TSA for service under this Rate Schedule in the form contained in this Tariff ("NNTD TSA").
- 1.5 Enhanced daily firm transportation service is available only at delivery points listed on Exhibit A of Shipper's NNTD TSA. Such delivery points must also be identified as Premium Service Delivery Points on Transporter's EBB.
- 1.6 Enhanced daily firm transportation service is available to any party meeting the requirements of this Rate Schedule including delivery point operators.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule shall apply to all natural gas transported by Transporter for Shipper pursuant to the executed NNTD TSA.
- 2.2 Enhanced daily transportation service hereunder shall be firm, subject to the provisions of the executed NNTD TSA and to the General Terms and Conditions ("GT&C") incorporated herein by reference.

RATE SCHEDULE NNTD
No-Notice Transportation Service - Daily
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.3 Enhanced daily transportation service hereunder shall consist of the acceptance by Transporter of natural gas on behalf of Shipper for transportation at the receipt points specified in the executed NNTD TSA, the transportation of that natural gas through Transporter's pipeline system, and the daily delivery of that gas on a scheduled and no-notice basis, after appropriate reductions as provided for in this Rate Schedule, to Shipper or for Shipper's account at the delivery points specified in the executed NNTD TSA.

2.4 Enhanced daily transportation service shall be comprised of scheduled and no-notice transportation service.

(a) Scheduled enhanced daily firm transportation service shall be nominated and confirmed in accordance with the provisions of Section 4 of the GT&C.

(b) No-notice enhanced daily firm transportation service shall consist of Transporter providing gas quantities above or below Shipper's scheduled quantities at primary delivery points listed in the NNTD TSA. The difference between Shipper's daily scheduled quantity and daily flowing gas quantity allocated to Shipper at a delivery point shall be deemed the no-notice daily quantity and will be allocated to the NNTD TSA as the NNTD balance at such point.

(c) Shipper may schedule to receipt and/or delivery points not listed in Shipper's NNTD TSA on an alternate basis at uniform rates of flow pursuant to the requirements of this Tariff.

RATE SCHEDULE NNTD
No-Notice Transportation Service - Daily
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.5 The enhanced daily transportation service options available under this Rate Schedule NNTD are as follows:

- (a) Winter contract ("NNTD-W"); enhanced daily firm transportation service is available for the five consecutive months during the November through March winter period.
- (b) Summer contract ("NNTD-S"); enhanced daily firm transportation service is available for the seven consecutive months during the April through October summer period.
- (c) Shippers may contract for enhanced daily firm transportation service separately with a summer or winter contract, or jointly to create an annual contract for service.
- (d) Shipper's delivery point MDQ for a winter or a summer contract shall remain the same throughout each season.
- (e) Maximum rate enhanced daily firm transportation service that is contracted for a winter contract or summer contract for a term of more than one year, or as an annual contract as described in Section 2.5(c) above, is eligible for a regulatory right-of-first-refusal pursuant to GT&C Section 20.16.

2.6 Rates of Flow.

- (a) Except as otherwise provided in this Tariff, at each Receipt Point each Party shall use diligent, good faith efforts to tender, or cause to be tendered, gas at reasonably uniform hourly and daily rates of flow. At each Delivery Point, hourly quantities delivered, or caused to be delivered, for Shipper's account shall not exceed 1/24th of Shipper's daily scheduled quantities at such point.
- (b) No-notice service shall not be applicable to any hourly variation greater than 1/24th of the NNTD TSA contract demand, except as provided in Section 6 below. Any such excess quantity shall be treated as unauthorized overrun pursuant to Section 6 below.

RATE SCHEDULE NNTD
No-Notice Transportation Service - Daily
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE

2.6 continued

(c) From time to time, Transporter may request Shipper to go out of daily balance and/or may request Shipper to take a differing hourly profile of deliveries to assist in system loading needs.

2.7 Daily Delivery Transfer. Effective January 1, 2007, Shipper may request and Transporter may approve, the daily transfer of any unused daily delivery point entitlements to Shipper's next eligible hydraulically equivalent upstream delivery point in the same geographic region so that such unused daily entitlements are combined with Shipper's other daily delivery entitlements at such location. The transfer of such quantities shall be based on unused daily rights at each location.

(a) Daily delivery transfers will utilize alternate capacity only.

(b) Delivery points eligible for daily delivery transfer are identified on the EBB as Premium Service Delivery Points and must also be listed as primary delivery points on Exhibit A of Shipper's NNTD TSA. Transporter will update the list of eligible delivery points as experience and operating conditions allow.

(c) Delivery point entitlements transferred from a primary delivery point must be equal to, or less than, Shipper's MDQ less daily deliveries to such point resulting from nominations for delivery to that point.

(d) The transfer of such daily entitlements may not affect service to any other firm Shipper.

3. CONDITIONS OF SERVICE

3.1 Transporter will provide daily no-notice service of up to 10% of Shipper's MDQ at each delivery point listed on Exhibit A of Shipper's NNTD TSA when Shipper has scheduled no more than 90% of the MDQ at such point.

(a) At each delivery point, Shipper's daily scheduled quantity at such point plus the NNTD balance allocated to the point at the end of each Gas Day shall not exceed the MDQ of such point. On any Gas Day, should a Shipper's daily scheduled quantity plus NNTD balance at a delivery point exceed the MDQ at such point, such excess gas quantities will be daily Unauthorized Overrun quantities.

RATE SCHEDULE NNTD
No-Notice Transportation Service - Daily
(Continued)

3. CONDITIONS OF SERVICE (Continued)

3.1 continued

(b) At any time, the absolute value of Shipper's accumulated NNTD balance at a delivery point cannot be greater than 10% of the NNTD TSA MDQ at such point.

3.2 Shipper may use receipt and/or delivery points not listed in Shipper's NNTD TSA on an alternate basis at uniform rates of flow pursuant to the requirements of this Tariff.

3.3 Resolution of NNTD Balance.

(a) An NNTD balance shall be resolved through the use of physical make-up or payback gas quantities.

(b) Any TSA may be used to make-up or payback gas quantities.

(c) Make-up or payback nominations shall be made pursuant to GT&C Section 4.

(d) At the end of the month, an NNTD balance at a delivery point may be netted with an NNTD balance at another delivery point under the NNTD TSA as long as such netting does not serve to effectuate transportation across persistent system constraints.

(e) An NNTD balance that has not been eliminated for 30 days will be cashed out at the end of the next calendar month pursuant to GT&C Section 32.

3.4 Release of Rate Schedule NNTD Capacity.

(a) Shipper may release its Rate Schedule NNTD capacity for service under Rate Schedule NNTD. The Acquiring Shipper must retain the same delivery points as provided in the Releasing Shipper's NNTD TSA to retain the no-notice features of this Rate Schedule. The Acquiring Shipper may schedule to alternate delivery points on a secondary basis.

(b) The release of Rate Schedule NNTD capacity will be contracted under Rate Schedule FT-1 at uniform rates of flow if the Acquiring Shipper re-designates to a delivery point not listed on the Releasing Shipper's NNTD TSA.

(c) Shipper may not separately release the no-notice (un-nominated) portion of its NNTD TSA.

RATE SCHEDULE NNTD
No-Notice Transportation Service - Daily
(Continued)

3. CONDITIONS OF SERVICE (Continued)

3.5 Flow day diversions, pursuant to GT&C Section 4.1(g), are not available to Rate Schedule NNTD Shippers.

3.6 From time to time, Transporter may request Shipper to go out of daily balance and/or may request Shipper to take a differing hourly profile of deliveries to assist in system loading needs.

4. RATE

Shipper shall pay to Transporter each month the charges set forth below under the executed NNTD TSA.

4.1 Transporter, at its sole discretion, may from time to time and at any time, selectively discount any or all of the rates stated below applicable to any individual Shipper; provided, however, that such adjusted rates shall not exceed the applicable Maximum Rate nor shall they be less than the Minimum Rate set forth on the currently effective Statement of Rates sheet of this Tariff.

4.2 Mainline Reservation Charges: Shipper shall pay the Reservation Charges applicable to an NNTD TSA subject to this Rate Schedule. This charge shall be determined by multiplying Shipper's Transportation Contract Demand ("TCD") by the reservation rate specified in the NNTD TSA. The Reservation Charges payable under this Rate Schedule will include all applicable reservation surcharges, unless otherwise provided in the NNTD TSA.

4.3 Usage Charge: Unless otherwise provided in the NNTD TSA, Shipper shall pay the maximum rate per dth applicable to the delivery zones (Production Area, Texas, New Mexico, Arizona, Nevada and California) in which deliveries are made as set forth from time to time on the applicable Statement of Rates Sheet. The usage charges payable under this Rate Schedule will include all applicable usage surcharges, unless otherwise provided in the NNTD TSA.

RATE SCHEDULE NNTD
No-Notice Transportation Service - Daily
(Continued)

4. RATE (Continued)

4.4 Incremental Facility Charge. When the construction of new minor facilities is required in order to provide service to Shipper, Shipper shall pay Transporter for such facilities including any related taxes. The Parties shall agree as to whether Shipper shall (1) make a one-time 100 percent reimbursement for the cost of facilities or (2) pay the cost of facilities through installment payments over a period of time. If the Parties agree that Shipper shall pay Transporter for the facilities via installments, the facility charge shall include the cost of the facilities plus any related taxes, plus interest as agreed to by the Parties. If a contribution in aid of construction ("CIAC") is paid by the Shipper in accordance with a construction of facilities agreement and such transaction is determined to be taxable, the CIAC shall be increased by an amount to compensate for the corporate income tax effects thereof.

5. RESERVATION CHARGE CREDIT

Transporter shall provide reservation charge credits to a Rate Schedule NNTD Shipper when it is unable to schedule such Shipper's nominated and confirmed quantities on a daily basis pursuant to GT&C Section 39, subject to the conditions of this Rate Schedule.

6. OVERRUN TRANSPORTATION

6.1 Daily Authorized Overrun Transportation at Delivery Points. On any day, upon request of Shipper and with Transporter's consent, Transporter may deliver quantities at any delivery point in excess of the sum of Shipper's scheduled quantity and no-notice quantity. All such quantities shall be delivered as Authorized Overrun gas on an interruptible basis. Shipper shall pay an amount obtained by multiplying the quantity of such overrun gas delivered by Transporter to Shipper, or for Shipper's account, at each delivery point by the Daily Authorized Overrun rate. The Daily Authorized Overrun rate shall be the applicable maximum rate unless otherwise agreed to by Transporter and Shipper. Such rate shall not be less than the applicable minimum rate or more than the applicable maximum rate as set forth on the Statement of Rates.

RATE SCHEDULE NNTD
No-Notice Transportation Service - Daily
(Continued)

6. OVERRUN TRANSPORTATION (Continued)

- 6.2 Hourly Authorized Overrun Transportation at Delivery Points. On any day, upon request of Shipper and with Transporter's consent, Transporter may deliver quantities at any delivery point in excess of 1/24th of the sum of Shipper's scheduled quantity and no-notice quantity at such point. All such quantities shall be delivered as Authorized Overrun gas on an interruptible basis. Shipper shall pay an amount obtained by multiplying the quantity of such overrun gas delivered by Transporter to Shipper, or for Shipper's account, at each delivery point by the Hourly Authorized Overrun rate. The Hourly Authorized Overrun rate shall be the applicable maximum rate unless otherwise agreed to by Transporter and Shipper. Such rate shall not be less than the applicable minimum rate or more than the applicable maximum rate as set forth on the Statement of Rates.
- 6.3 Daily Unauthorized Overrun Transportation at Delivery Points. On any day at each delivery point, any gas quantity not authorized by Transporter which exceeds Shipper's scheduled quantity plus available no-notice quantity at such point is Daily Unauthorized Overrun transportation. Such quantities shall be subject to the Daily Unauthorized Overrun rate (Non-Critical or Critical Condition as applicable). Shipper shall pay an amount obtained by multiplying the Daily Unauthorized Overrun quantities by the Daily Unauthorized Overrun rate on the Statement of Rates.
- 6.4 Hourly Unauthorized Overrun Transportation. On any day at each delivery point, any hourly gas quantity not authorized by Transporter which exceeds 1/24th of Shipper's scheduled quantity at such point is Hourly Unauthorized Overrun transportation. Such quantities shall be subject to the Hourly Unauthorized Overrun rate (Non-Critical or Critical Condition as applicable). Shipper shall pay an amount obtained by multiplying the largest quantity of such Hourly Unauthorized Overrun gas delivered by Transporter to Shipper, or for Shipper's account, at any delivery point during any one hour of the Gas Day by 24 and by the Hourly Unauthorized Overrun rate on the Statement of Rates.
- 6.5 Shipper shall pay only one Unauthorized Overrun charge when Shipper's Hourly Unauthorized Overruns result in a Daily Unauthorized Overrun. Shipper shall pay the higher of the Daily Unauthorized Overrun amount at that point calculated pursuant to Section 6.3 above or the Hourly Unauthorized Overrun amount at that point calculated pursuant to Section 6.4 above.

RATE SCHEDULE NNTD
No-Notice Transportation Service - Daily
(Continued)

7. DAILY VARIANCE

Gas quantities scheduled at a delivery point that are not by taken by Shipper, or for Shipper's account, at such point will be subject to a Daily Variance Charge pursuant to Section 32 of the GT&C of this Tariff.

8. FUEL AND L&U

In addition to the payments made pursuant to the other provisions of this Rate Schedule, Shipper shall provide and be responsible for the Fuel and L&U necessary to support the transportation of natural gas pursuant to Shipper's NNTD TSA. Unless otherwise agreed, the Fuel and L&U charge shall be set forth on the applicable Statement of Rates sheets and shall be subject to adjustment in accordance with Section 26 of the GT&C of this Tariff.

9. GENERAL TERMS AND CONDITIONS

Except as otherwise expressly indicated in this Rate Schedule or by the NNTD TSA, all of the GT&C contained in this Tariff, including (from and after their effective date) any future modifications, additions or deletions to said GT&C, are applicable to the service rendered under this Rate Schedule and, by this reference, are made a part hereof. In particular, but without limitation, the scheduling provisions of Section 4, the operating provisions for firm transportation service of Section 20, the contract procedures of Section 22, the fuel provisions of Section 26, Critical Condition procedures of Section 33, and reservation charge credit provisions of Section 39 are applicable to this Rate Schedule.

RATE SCHEDULE NNTH
No-Notice Transportation Service - Hourly

1. AVAILABILITY

This Rate Schedule is available to any party (hereinafter referred to as "Shipper") for the enhanced hourly transportation of natural gas on a firm basis by El Paso Natural Gas Company (hereinafter referred to as "El Paso" or "Transporter") under the following conditions:

- 1.1 Transporter determines it has sufficient available and uncommitted capacity to perform the enhanced hourly firm transportation service requested;
- 1.2 Transporter shall not be obligated to construct, modify or acquire facilities or gas supplies to perform the enhanced hourly transportation service;
- 1.3 Shipper has met the creditworthiness requirements of this Tariff; and
- 1.4 Shipper has an Executed a TSA in the form contained in this Tariff ("NNTH TSA").
- 1.5 Enhanced hourly transportation service is available only at delivery points listed on Exhibit A of Shipper's NNTH TSA. Such delivery points must also be identified as Premium Service Delivery Points on Transporter's EBB.
- 1.6 Enhanced hourly firm transportation service is available to any party meeting the requirements of this Rate Schedule including delivery point operators.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule shall apply to all natural gas transported by Transporter for Shipper pursuant to the executed NNTH TSA.
- 2.2 Enhanced hourly transportation service hereunder shall be firm, subject to the provisions of the executed NNTH TSA and to the General Terms and Conditions ("GT&C") incorporated herein by reference.

RATE SCHEDULE NNTH
No-Notice Transportation Service - Hourly
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.3 Enhanced hourly transportation service hereunder shall consist of the acceptance by Transporter of natural gas on behalf of Shipper for transportation at the receipt points specified in the executed NNTH TSA on a ratable basis, the transportation of that natural gas through Transporter's pipeline system, and the unequal hourly delivery of that gas on a scheduled and no-notice basis, after appropriate reductions as provided for in this Rate Schedule, to Shipper or for Shipper's account at the delivery points specified in the executed NNTH TSA.

2.4 Rate Schedule NNTH is a daily transportation service comprised of firm varying hourly delivery entitlements at Premium Service Delivery Points and consists of scheduled and no-notice transportation.

(a) Daily Transportation Service.

(i) Scheduled daily firm transportation service shall be nominated and confirmed in accordance with the provisions of Section 4 of the GT&C.

(b) Hourly Delivery Service Entitlements.

(i) Hourly point entitlements, as defined in Section 2.6 below, shall be described in Shipper's NNTH TSA.

(ii) Hourly gas quantities are not nominated and scheduled. Shipper's daily scheduled quantities will be allocated on an hourly basis based on the hourly entitlements described in Shipper's NNTH TSA.

(iii) An unused hourly delivery point entitlement may be used at such delivery point during subsequent hours in the Gas Day subject to the restrictions on peak hour flows.

(iv) Shipper agrees to provide Transporter with the most current estimate of its hourly requirements over the course of the Gas Day.

RATE SCHEDULE NNTH
No-Notice Transportation Service - Hourly
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)
2.4 (Continued)

(c) No-Notice Transportation Service.

(i) No-notice transportation service shall consist of Transporter providing gas quantities above or below Shipper's scheduled quantities at primary delivery points listed in the NNTH TSA.

(ii) The difference between Shipper's daily scheduled quantity and daily flowing gas quantity allocated to Shipper at a delivery point shall be deemed the no-notice daily quantity and will be allocated to the NNTH TSA as the NNTH daily balance at such point.

(iii) The difference between Shipper's hourly entitlement quantity and the hourly flowing gas quantity allocated to Shipper at a delivery point shall be deemed the no-notice hourly quantity and will be allocated to the NNTH TSA as the NNTH hourly balance at such point.

(d) Shipper may schedule at receipt and/or to delivery points not listed in Shipper's NNTH TSA on an alternate basis at uniform rates of flow pursuant to the requirements of this Tariff.

2.5 The enhanced hourly transportation service options available under this Rate Schedule NNTH are as follows:

(a) Winter contract ("NNTH-W"); enhanced hourly firm transportation service is available for the five consecutive months during the November through March winter period.

RATE SCHEDULE NNTH
No-Notice Transportation Service - Hourly
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.5 (Continued)

- (b) Summer contract ("NNTH-S"); enhanced hourly firm transportation service is available for the seven consecutive months during the April through October summer period.
- (c) Shippers may contract for enhanced hourly firm transportation service separately with a summer or winter contract, or jointly to create an annual contract of service.
- (d) Shipper's delivery point MDQ for a winter or a summer contract shall remain the same throughout the season.
- (e) Maximum rate enhanced hourly firm transportation service that is contracted for a winter contract or summer contract for a term of more than one year, or as an annual contract as described in Section 2.5(c) above, is eligible for a regulatory right-of-first-refusal pursuant to GT&C Section 20.16.

2.6 The following enhanced hourly transportation service options are available under this Rate Schedule NNTH. Rate Schedule NNTH service options must be contracted separately.

- (a) Three Hour Enhanced Peaking Service "NNTH-3." Subject to the limitation that gas quantities taken at a delivery point may not exceed the MDQ at such point, on any Gas Day, Shipper may take gas quantities at such point at a rate equivalent to:
 - (i) up to 150% of 1/24th of the daily scheduled quantity at such point for up to five hours in the Gas Day subject to the limit that no more than three such hours may be consecutive hours in the Gas Day; however, no one hour in the Gas Day may exceed 150% of 1/24th of the daily scheduled quantity; and
 - (ii) up to an average of 130% of 1/24th of the daily scheduled quantity at such point for any six consecutive hours but not to exceed nine hours in the Gas Day; however, no one hour in this period may exceed 150% of 1/24th of the daily scheduled quantity; and
 - (iii) up to an average of 120% of 1/24th of the daily scheduled quantity at such point for any twelve consecutive hours; however, no one hour in this period may exceed 150% of 1/24th of the daily scheduled quantity.

RATE SCHEDULE NNTH
No-Notice Transportation Service - Hourly
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.6 (a) Continued

- (iv) Hourly quantities in excess of any one of the Section 2.6 (a)(i) through Section 2.6 (a)(iii) criterion will be hourly overrun quantities.
- (v) Subject to the provisions of Section 2.6(d) below, Transporter will provide a minimum pressure commitment of 250 p.s.i.g. at Shipper's primary delivery points, unless Shipper agrees to a lower minimum pressure. Pressure obligations at any meter included in an aggregation group ("D-Code") will be specified in the Operator agreement covering that D-Code.
- (b) Twelve Hour Peaking Service "NNTH-12." Subject to the limitation that gas quantities taken at a delivery point may not exceed the MDQ at such point, on any Gas Day, Shipper may take gas quantities at such point at a rate equivalent to:
- (i) up to an average of 150% of 1/24th of the daily scheduled quantity at such point in any hour for up to any twelve hours in a Gas Day; however, no one hour in the Gas Day may exceed 150% of 1/24th of the daily scheduled quantity. Hourly quantities in excess of an average of 150% of 1/24th of the daily scheduled quantity at a primary delivery point in any hour during the Gas Day will be hourly overrun quantities.
- (ii) Subject to the provisions of Section 2.6(d) below, Transporter will provide a minimum pressure commitment of 400 to 550 p.s.i.g. at Shipper's primary delivery points, unless Shipper agrees to a lower minimum pressure. Pressure obligations at any meter included in a D-Code will be specified in the Operator agreement covering that D-Code.
- (c) Sixteen Hour Peaking Service "NNTH-16." Subject to the limitation that gas quantities taken at a delivery point may not exceed the MDQ at such point, on any Gas Day, Shipper may take gas quantities at such point at a rate equivalent to:

RATE SCHEDULE NNTH
No-Notice Transportation Service - Hourly
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.6 (c) Continued

(i) up to an average of 150% of 1/24th of the daily scheduled quantity at such point in any hour for up to any sixteen hours in a Gas Day; however, no one hour in the Gas Day may exceed 150% of 1/24th of the daily scheduled quantity. Hourly quantities in excess of an average of 150% of 1/24th of the daily scheduled quantity at a primary delivery point in any hour during the Gas Day will be hourly overrun quantities.

(ii) Subject to the provisions of Section 2.6(d) below, Transporter will provide a minimum pressure commitment of 400 to 550 p.s.i.g. at Shipper's primary delivery points, unless Shipper agrees to a lower minimum pressure. Pressure obligations at any meter included in a D-Code will be specified in the Operator agreement covering that D-Code.

(d) Shippers with an existing pressure commitment in a Rate Schedule FT-1 transportation service agreement, who re-contract for Rate Schedule NNTH hourly firm transportation service, will have a "grandfathered" right to the Rate Schedule FT-1 pressure commitment for a term no longer than the original term of the Rate Schedule FT-1 transportation service agreement.

2.7 Hourly Delivery Transfer. Effective January 1, 2007, should Shipper elect non-uniform rates of flow pursuant to Section 2.6 above, Shipper may request and Transporter may approve, the hourly transfer of any unused hourly delivery point entitlements to Shipper's next eligible hydraulically equivalent upstream delivery point in the same geographic region so that such unused hourly entitlements are combined with Shipper's other hourly delivery entitlements at such location. The transfer of such entitlements shall be based on unused hourly rights at each location.

(a) Hourly delivery transfers will utilize alternate capacity only.

(b) Delivery points eligible for hourly delivery transfer are identified on the EBB as Premium Service Delivery Points and must be listed as primary delivery points on Exhibit A of Shipper's NNTH TSA. Transporter will update the list of eligible delivery points as experience and operating conditions allow.

RATE SCHEDULE NNTH
No-Notice Transportation Service - Hourly
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.7 (Continued)

(c) Delivery point entitlements transferred from a primary delivery point must be equal to, or less than, Shipper's hourly entitlement pursuant to Shipper's NNTH TSA, less hourly deliveries to such point resulting from nominations for delivery to that point.

(d) Hourly delivery transfers to primary delivery points shall not exceed the quantity limitations for the time periods specified in Shipper's NNTH TSA.

(e) The transfer of such hourly entitlements may not affect service to any other firm Shipper.

2.8 To calculate the actual measured hourly rate of flow, should the delivery location be part of an aggregation of points under a D-Code, some or all of which have physical gas measurement equipment compatible with Transporter's system and capable of registering hourly flows, the hourly profile derived from hourly measured meters shall be applied to the volumes delivered to any meters in the aggregation without hourly measurement equipment.

3. CONDITIONS OF SERVICE

3.1 Shipper's daily scheduled quantity at a delivery point will be converted to hourly entitlements based on the hourly profile described in Shipper's NNTH TSA.

3.2 Transporter will provide hourly no-notice service of up to 10% of Shipper's MDQ at each delivery point listed on Exhibit A of Shipper's NNTH TSA when Shipper has scheduled no more than 90% of its MDQ at such point.

(a) At each delivery point, Shipper's daily scheduled quantity at such point plus the NNTH balance allocated to the point at the end of each Gas Day shall not exceed the MDQ of such point. On any Gas Day, should a Shipper's daily scheduled quantity plus NNTH balance at a delivery point exceed the MDQ at such point, such excess gas quantities will be daily Unauthorized Overrun quantities.

(b) At any time, the absolute value of Shipper's accumulated NNTH balance at a delivery point cannot be greater than 10% of the NNTH TSA MDQ at such point.

RATE SCHEDULE NNTH
No-Notice Transportation Service - Hourly
(Continued)

3. CONDITIONS OF SERVICE (Continued)

3.3 During Critical Conditions, Transporter will provide hourly no-notice service of up to 5% of Shipper's hourly entitlement at each delivery point listed on Exhibit A of Shipper's NNTH TSA when Shipper has scheduled no more than 95% of its hourly entitlement at such point.

3.4 Resolution of NNTH Balance.

- (a) An NNTH balance shall be resolved through the use of physical make-up or payback gas quantities.
- (b) Any TSA may be used to make-up or payback gas quantities.
- (c) Make-up or payback nominations shall be made pursuant to GT&C Section 4.
- (d) At the end of the month, an NNTH balance at a delivery point may be netted with an NNTH balance at another delivery point under the NNTH TSA as long as such netting does not serve to effectuate transportation across persistent system constraints.
- (e) An NNTH balance that has not been eliminated for 30 days will be cashed out at the end of the next calendar month pursuant to GT&C Section 32.

3.5 Release of Rate Schedule NNTH Capacity.

- (a) Shipper may release its Rate Schedule NNTH capacity for service under Rate Schedule NNTH. The Acquiring Shipper will retain hourly service delivery rights, as defined in the Releasing Shipper's NNTH TSA, at the primary delivery points listed in the Releasing Shipper's NNTH TSA. The Acquiring Shipper may schedule to alternate delivery points on a secondary basis.
- (b) The release of Rate Schedule NNTH capacity will be contracted under Rate Schedule FT-1 at uniform hourly flows if the Acquiring Shipper re-designates to a delivery point not listed on the Releasing Shipper's NNTH TSA.
- (c) Shipper may not separately release the no-notice (un-nominated) portion of its NNTH TSA.

3.6 Flow day diversions, pursuant to GT&C Section 4.1(g), are not available to Rate Schedule NNTH Shippers.

RATE SCHEDULE NNTH
No-Notice Transportation Service - Hourly
(Continued)

3. CONDITIONS OF SERVICE

3.7 From time to time, Transporter may request Shipper to go out of daily balance and/or may request Shipper to take a differing hourly profile of deliveries to assist in system loading needs.

4. HOURLY POINT RIGHTS

Transporter shall provide defined hourly transportation service at Premium Service Delivery Points pursuant to this Rate Schedule.

4.1 Delivery locations eligible for hourly service must be identified on Transporter's EBB as Premium Service Delivery Points.

4.2 Where deliveries involve service to non-Premium Service Delivery Points, Shipper must take deliveries, or cause deliveries to be taken, at uniform rates of flow and Shipper's hourly rights will be deemed to be 1/24th of daily scheduled quantities at such points.

4.3 A Shipper's total hourly rights at a delivery point will be determined by summing Shipper's contracted hourly entitlements under all Shipper's TSAs for which gas is scheduled for delivery to such point.

4.4 All nominations will be for daily quantities. Transporter will apply hourly profiles, pursuant to Shipper's NNTH TSA, to the nominated and confirmed daily quantities to determine hourly entitlements.

4.5 Gas flows at eligible hourly delivery points will be allocated to contracts scheduled to such points in the following order:

- (a) Daily transportation service requiring uniform, 1/24th of scheduled quantity, flow rate;
- (b) Hourly transportation service providing for Twelve Hour Peaking Service under Rate Schedule FT-H;
- (c) Hourly transportation service providing for Sixteen Hour Peaking Service under Rate Schedule FT-H;
- (d) Hourly transportation service providing for Eight Hour Peaking Service under Rate Schedule FT-H;
- (e) Hourly transportation service providing for Three Hour Enhanced Service under Rate Schedule FT-H;

RATE SCHEDULE NNTH
No-Notice Transportation Service - Hourly
(Continued)

4. HOURLY POINT RIGHTS (Continued)

4.5 (Continued)

- (f) Daily no-notice transportation service requiring uniform flow rate under Rate Schedule NNTH;
- (g) Hourly no-notice transportation service providing for Three Hour Enhanced Service under Rate Schedule NNTH;
- (h) Hourly no-notice transportation service providing for Twelve Hour Peaking Service under Rate Schedule NNTH;
- (i) Hourly no-notice transportation service providing for Sixteen Hour Peaking Service under Rate Schedule NNTH;
- (j) Authorized hourly overrun service; and
- (k) Interruptible hourly swing service pursuant to Rate Schedule IHSW.

4.6 For use in any hour, a Shipper scheduling less than its contracted hourly entitlement at a delivery point may request hourly overrun service at such point up the level of Shipper's contracted hourly entitlement.

4.7 On any Gas Day, using the nomination process, a Shipper may request to reduce its hourly contract entitlement level at a delivery point to create additional useable daily capacity in the manner described below:

Sixteen Hour Peaking Service may be reduced to Twelve Hour Peaking Service, Three Hour Enhanced Service, or to a uniform rate of flow, i.e. 1/24th of the daily scheduled quantity;

Twelve Hour Peaking Service may be reduced to Three Hour Enhanced Service, or to a uniform rate of flow, i.e. 1/24th of the daily scheduled quantity;

Three Hour Enhanced Service may be reduced to a uniform rate of flow, i.e. 1/24th of the daily scheduled quantity.

- (a) Such requested reduction must take place in the Timely Nomination Cycle (Cycle 1) or the Evening Nomination Cycle (Cycle 2). Once such reduction has been made, it can not be changed until the next available Cycle 1.

RATE SCHEDULE NNTH
No-Notice Transportation Service - Hourly
(Continued)

4. HOURLY POINT RIGHTS

4.7 continued

(b) Delivery point and path capacity that become available as a result of such reduction may be used to provide transportation service for others, including another firm Shipper or interruptible Shipper.

(c) A Shipper who has reduced its hourly entitlement level will be assessed overrun charges based on the lower service option the Shipper has selected.

5. RATE

Shipper shall pay to Transporter each month the charges set forth below under the executed NNTH TSA.

5.1 Transporter, at its sole discretion, may from time to time and at any time, selectively discount any or all of the rates stated below applicable to any individual Shipper; provided, however, that such adjusted rates shall not exceed the applicable Maximum Rate nor shall they be less than the Minimum Rate set forth on the currently effective Statement of Rates sheet of this Tariff.

5.2 Mainline Reservation Charges: Shipper shall pay the Reservation Charges applicable to the service option contracted for in the NNTH TSA subject to this Rate Schedule. This charge shall be determined by multiplying Shipper's Transportation Contract Demand ("TCD") by the reservation rate specified in the NNTH TSA. The Reservation Charges payable under this Rate Schedule will include all applicable reservation surcharges, unless otherwise provided in the NNTH TSA.

5.3 Usage Charge: Unless otherwise provided in the NNTH TSA, Shipper shall pay the maximum rate per dth applicable to the delivery zones (Production Area, Texas, New Mexico, Arizona, and Nevada) in which deliveries are made as set forth from time to time on the applicable Statement of Rates Sheet. The usage charges payable under this Rate Schedule will include all applicable usage surcharges, unless otherwise provided in the NNTH TSA.

RATE SCHEDULE NNTH
No-Notice Transportation Service - Hourly
(Continued)

5. RATE

5.4 Incremental Facility Charge. When the construction of new minor facilities is required in order to provide service to Shipper, Shipper shall pay Transporter for such facilities including any related taxes. The Parties shall agree as to whether Shipper shall (1) make a one-time 100 percent reimbursement for the cost of facilities or (2) pay the cost of facilities through installment payments over a period of time. If the Parties agree that Shipper shall pay Transporter for the facilities via installments, the facility charge shall include the cost of the facilities plus any related taxes, plus interest as agreed to by the Parties. If a contribution in aid of construction ("CIAC") is paid by the Shipper in accordance with a construction of facilities agreement and such transaction is determined to be taxable, the CIAC shall be increased by an amount to compensate for the corporate income tax effects thereof.

6. RESERVATION CHARGE CREDIT

Transporter shall provide reservation charge credits to a Rate Schedule NNTH Shipper when it is unable to schedule such Shipper's nominated and confirmed quantities on a daily basis pursuant to GT&C Section 39, subject to the conditions of this Rate Schedule.

7. OVERRUN TRANSPORTATION

7.1 Daily Authorized Overrun Transportation at Delivery Points. On any day, upon request of Shipper and with Transporter's consent, Transporter may deliver total quantities at any delivery point in excess of the sum of Shipper's scheduled and no-notice quantity. Such request for Authorized Overrun service includes the same hourly entitlements provided for in the NNTH TSA pursuant to Section 2.6 of this Rate Schedule. All such quantities shall be delivered as Authorized Overrun gas on an interruptible basis. Shipper shall pay an amount obtained by multiplying the quantity of such overrun gas delivered by Transporter to Shipper, or for Shipper's account, at each delivery point by the Daily Authorized Overrun rate. The Daily Authorized Overrun rate shall be the applicable maximum rate unless otherwise agreed to by Transporter and Shipper. Such rate shall not be less than the applicable minimum rate or more than the applicable maximum rate as set forth on the Statement of Rates.

—

RATE SCHEDULE NNTH
No-Notice Transportation Service - Hourly
(Continued)

7. OVERRUN TRANSPORTATION (Continued)

7.2 Hourly Authorized Overrun Transportation at Delivery Points. For use in any hour, a Shipper scheduling less than its contracted hourly entitlement at a primary delivery point may nominate Authorized Hourly Overrun at such point up to Shipper's hourly entitlement that would have been available had Shipper scheduled its contracted MDQ at that point. All such quantities shall be delivered as Authorized Overrun gas on an interruptible basis. Shipper shall pay an amount obtained by multiplying the Hourly Authorized Overrun rate by the total quantity actually delivered in excess of the hourly quantity scheduled at that point, subject to Section 7.2(a) below. The Hourly Authorized Overrun rate shall be the applicable maximum rate unless otherwise agreed to by Transporter and Shipper. Such rate shall not be less than the applicable minimum rate or more than the applicable maximum rate as set forth on the Statement of Rates.

(a) The Authorized Overrun nomination shall be stated in daily terms and the hourly entitlement so authorized shall be determined based on the daily nomination and the hourly entitlements provided for in the NNTH TSA.

(b) The daily nomination for hourly overrun shall not be deemed a flowing gas nomination for daily balancing purposes.

(c) A Shipper scheduling to an alternate point may not request Authorized Hourly Overrun service. A Shipper's hourly rights are limited to its primary delivery points.

7.3 Daily Unauthorized Overrun Transportation at Delivery Points. On any day at each delivery point, any gas quantity not authorized by Transporter which exceeds Shipper's scheduled quantity plus available no-notice quantity at such point is Daily Unauthorized Overrun transportation. Such quantities shall be subject to the Daily Unauthorized Overrun rate (Non-Critical or Critical Condition as applicable). Shipper shall pay an amount obtained by multiplying the Daily Unauthorized Overrun quantities by the Daily Unauthorized Overrun rate on the Statement of Rates.

RATE SCHEDULE NNTH
No-Notice Transportation Service - Hourly
(Continued)

7. OVERRUN TRANSPORTATION (Continued)

7.4 Hourly Unauthorized Overrun Delivery at Delivery Points. On any day at each delivery point, any hourly gas quantity not authorized by Transporter which exceeds Shipper's hourly entitlement at such point is an Hourly Unauthorized Overrun delivery. Such quantities shall be subject to the Hourly Unauthorized Overrun rate (Non-Critical or Critical Condition as applicable). Shipper shall pay an amount obtained by multiplying the largest quantity of such Hourly Unauthorized Overrun gas delivered by Transporter to Shipper, or for Shipper's account, at any delivery point during any one hour of the Gas Day by 24 and by the Hourly Unauthorized Overrun rate on the Statement of Rates.

7.5 Shipper shall pay only one Unauthorized Overrun charge when Shipper's Hourly Unauthorized Overruns result in a Daily Unauthorized Overrun. Shipper shall pay the higher of the Daily Unauthorized Overrun amount at that point calculated pursuant to Section 7.3 above or the Hourly Unauthorized Overrun amount at that point calculated pursuant to Section 7.4 above.

8. Daily Variance

Gas quantities scheduled at a delivery point that are not by taken by Shipper, or for Shipper's account, at such point will be subject to a Daily Variance Charge pursuant to Section 32 of the GT&C of this Tariff.

9. FUEL AND L&U

In addition to the payments made pursuant to the other provisions of this Rate Schedule, Shipper shall provide and be responsible for the Fuel and L&U necessary to support the transportation of natural gas pursuant to Shipper's NNTH TSA. Unless otherwise agreed, the Fuel and L&U charge shall be set forth on the applicable Statement of Rates sheets and shall be subject to adjustment in accordance with Section 26 of the GT&C of this Tariff.

RATE SCHEDULE NNTH
No-Notice Transportation Service - Hourly
(Continued)

10. GENERAL TERMS AND CONDITIONS

Except as otherwise expressly indicated in this Rate Schedule or by the NNTH TSA, all of the GT&C contained in this Tariff, including (from and after their effective date) any future modifications, additions or deletions to said GT&C, are applicable to the hourly transportation service rendered under this Rate Schedule and, by this reference, are made a part hereof. In particular, but without limitation, the scheduling provisions of Section 4, the operating provisions for firm transportation service of Section 20, the contract procedures of Section 22, the fuel provisions of Section 26, the imbalance procedures of Section 32, Critical Condition procedures of Section 33, and reservation charge credit provisions of Section 39 are applicable to this Rate Schedule.

Reserved Sheet

Original Sheet No. 149 has been reserved.

RATE SCHEDULE OPAS
Operator Point Aggregation Service

1. AVAILABILITY

This Rate Schedule is available to any delivery point Operator ("DP Operator") that currently receives or will receive gas from Transporter at multiple individual delivery meters that meet the requirements of Section 25.2 of the General Terms and Conditions ("GT&C"). This service permits the aggregation of individual delivery meters into D-Codes for purposes of nominations, scheduling, allocations and invoicing. Meter aggregation service will be provided by Transporter when:

1.1 Transporter and a DP Operator mutually agree to: (i) the aggregation of individual delivery meters into D-Codes; (ii) an MDO at each delivery meter within each such D-Code; and (iii) such other conditions as may be necessary to ensure the reliability of firm service to all Shippers; and

1.2 Shipper and Transporter have executed an Operator Point Aggregation Service Agreement ("OPASA") in the form contained in this Tariff for service under this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule shall apply to all nominating, scheduling, allocation and invoicing activity provided by Transporter under any TSA for transportation service at an individual delivery meter within a D-Code, when that D-Code is covered by an effective OPASA.

2.2 Service hereunder shall be subject to the provisions of the executed OPASA and to the GT&C incorporated herein by reference.

2.3 Service hereunder shall consist of the aggregation by Transporter at the D-Code level, for the purposes of nominating, scheduling, allocation and invoicing, of the volumes of natural gas delivered to any of the individual delivery meters within a D-Code on behalf of the DP Operator and/or any other Shipper requesting transportation at such delivery meters/D-Codes pursuant to any TSA. Shippers shall have the right to deliveries of quantities up to the MDO at any individual meter station within an effective D-Code, as long as service to all meters within the D-Code does not exceed the MDQ for the D-Code.

2.4 Transporter shall not be obligated to construct, modify or acquire facilities or gas supplies to perform service under this Rate Schedule.

RATE SCHEDULE OPAS
Operator Point Aggregation Service
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.5 The OPASA shall identify the subject D-Codes and MDO at each delivery meter within each such D-Code.

- (a) The MDO for a delivery point meter shall not exceed the meter capacity at that delivery point or the upstream capacity available on a firm basis to serve that delivery point meter.
- (b) The daily MDO shall be converted to hourly obligations by dividing the MDO by the hourly profile provided in any hourly rate schedule serving that meter, or (where no firm variable hourly service is contracted) by 24.
- (c) A Shipper's scheduled daily quantity at a D-Code will be converted to hourly entitlements based on the hourly profile described in each Shipper's firm TSA.
- (d) DP Operators may utilize different delivery meters within their designated D-Code; however, Transporter shall have no obligation to provide service above the MDO or the applicable MDQ for a D-Code.
- (e) Pressure obligations at any meter in a D-Code will be specified in the OPASA covering that D-Code.
- (f) In the event that Transporter determines that changes in system operations result in a D-Code that may potentially degrade the firm rights of other Shippers or firm service reliability, Transporter shall promptly notify the affected DP Operator that Transporter deems it necessary to revise that D-Code to protect Shippers on its system. If the parties agree to the revisions, the OPASA shall be amended or replaced to reflect the change and the revised D-Code designation shall be posted on Transporter's EBB. If the parties fail to agree to the revisions, then either party may terminate the OPASA on fourteen days notice.

2.6 All effective D-Codes, together with their associated individual delivery locations and related MDOs will be identified on Transporter's EBB.

RATE SCHEDULE OPAS
Operator Point Aggregation Service
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.7 Should the DP Operator take gas on an hourly or daily basis at any individual delivery meter that exceeds the MDO for that meter, DP Operator will pay an overrun charge pursuant to Section 4 below.

3. RATE

3.1 Rates. DP Operators shall not be charged any rates by Transporter for service under this Rate Schedule; however, the DP Operator will be subject to the overrun charges described in Section 4 below.

3.2 Surcharges: No surcharges are applicable to service under this Rate Schedule.

3.3 Fuel Charges: Fuel charges are not applicable to service under this Rate Schedule.

4. MDO VIOLATION

On any day, any flowing gas quantity at a delivery meter which exceeds the MDO for that meter is an MDO violation. DP Operator shall pay an amount obtained by multiplying the quantity taken in excess of the MDO by the penalty rate on the applicable Statement of Rates.

5. GENERAL TERMS AND CONDITIONS

Except as otherwise expressly indicated in this Rate Schedule or by the OPASA, all of the GT&C contained in this Tariff, including (from and after their effective date) any future modifications, additions or deletions to said GT&C, are applicable to the service rendered under this Rate Schedule and, by this reference, are made a part hereof.

Sheet Nos. 151 through 199 are
reserved for future use.

TRANSPORTATION GENERAL TERMS AND CONDITIONS

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TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITIONS

1.1 ~~1.27~~ — "Alternate Capacity" ~~shall mean the~~ The path rights or point rights nominated under a firm TSA that is other than Primary Capacity, Flow Point Secondary Capacity or Flow Path Secondary Capacity. Alternate Capacity consists of First Alternate and Second Alternate Capacity. Subject to Sections 1.24, 20.12(b)(vi)(4), 20.12(c)(ii) and 20.12(e) through 20.12(i), First Alternate Capacity is applicable to any firm Shipper using a Virtual Path and/or an alternate point on a Virtual Path. Second Alternate Capacity is applicable to any firm Shipper that is (i) not using any portion of its Primary Receipt-to-Delivery Flow Path; (ii) using service exceeding its Maximum Receipt or Delivery Daily Quantities at receipt or delivery points or its Path Quantity, but not exceeding its Transportation Contract Demand; or (iii) using service that is opposite of the direction of its Primary Receipt-to-Delivery Flow Path.

1.2 "Anadarko Basin Transportation" - For purposes of the application of rates and the assessment of fuel charges, within-basin service shall be comprised of gas receipts and deliveries occurring at or north of Dimmitt Station.

1.3 "British Thermal Unit" ("Btu") - One (1) Btu shall mean one British thermal unit and is defined as the amount of heat required to raise the temperature of one (1) pound of water from fifty-nine degrees Fahrenheit (59°F) to sixty degrees Fahrenheit (60°F) at a constant pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia). Total Btu's shall be determined by multiplying the total volume of natural gas delivered times the gas heating value expressed in Btu's per cubic foot of gas adjusted on a dry basis.

~~1.41.13~~ ~~The term~~ "Business Day" ~~means~~ Monday through Friday, excluding Federal Banking Holidays ~~for transactions in the United States.~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITIONS (Continued)

- 1.5 "Critical Condition" - Those periods when a Strained Operating Condition ("SOC") or a Critical Operating Condition ("COC") is declared pursuant to Section 33 of the General Terms and Conditions. When no SOC or COC is declared, it shall be termed a non-Critical Condition.
- ~~1.61.1~~ "Day" - A period of 24 consecutive hours, except for those days that are adjusted for Daylight Savings Time, commencing and ending at 8:00 a.m., Mountain Clock Time ("MCT"), or such other period as the parties may agree upon. "Gas Day" shall mean a period of 24 consecutive hours commencing and ending at 8:00 a.m., MCT, adjusted for Daylight Savings Time when appropriate. "Clock time" indicates that El Paso will adjust its gas day to reflect changes for Daylight Savings Time.
- ~~1.71.5~~ "Dekatherm" ("dth") - One (1) dth shall mean a quantity of gas containing one million (1,000,000) Btu's.
- ~~1.81.10~~ "El Paso System" - The El Paso System is displayed on the map set forth on Sheet No. 11 of this FERC Gas Tariff.
- 1.9 "Executed TSA" - Any executed TSA, in either paper or electronic form, or any TSA for which service is being scheduled under Section 4 shall be considered an Executed TSA.
- ~~1.101.21~~ "Flow Path" ~~shall mean --~~ The transportation system capacity nominated by a Shipper between the nominated receipt point and nominated delivery point.
- ~~1.111.26~~ "Flow Path Secondary Capacity" - ~~e~~Except as noted below, shall mean the capacity status (path rights) assigned to that path portion of a firm transportation nomination for which either or both the receipt or delivery points lie outside the Primary Receipt-to-Delivery Flow Path when at least some part of such nomination passes through Shipper's Primary Receipt-to-Delivery Flow Path. Flow Path Secondary Capacity is limited by the Path Quantity.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITIONS (Continued)

- 1.121-25 "Flow Point Secondary Capacity" ~~= shall mean~~ is The applicable point rights to any non-primary point that lies within Shipper's Primary Receipt-to-Delivery Flow Path. Such point shall be designated a Flow Point Secondary point when used by Shipper.
- 1.131-14 ~~The term "Fuel" = means~~ The quantity of gas determined to be consumed during the transportation of gas, ~~including fuel and gas lost and unaccounted for.~~
- 1.141-12 "GISB or NAESB or NAESB WGQ Standards" - Business practices and electronic communication practices promulgated by the Wholesale Gas Quadrant of the Gas Industry Standards Board ("GISB") also known as "North American Energy Standards Board" ("NAESB") and adopted and codified by the Commission in Section 284.12(a) of the Commission's Regulations. Unless otherwise stated, all NAESB WGQ Standards referenced by or incorporated into this Tariff are Version 1.6. The NAESB WGQ Standards listed below are hereby incorporated into this tariff by reference:
- 0.3.1,
 - 1.2.1 through 1.2.6,
 - 1.2.8 through 1.2.19,
 - 1.3.3 through 1.3.7,
 - 1.3.9,
 - 1.3.13 through 1.3.16,
 - 1.3.18 through 1.3.50,
 - 1.3.52 through 1.3.64, 1.3.63,
 - 1.3.66 through 1.3.79,
 - 1.4.1 through 1.4.7,
 - 2.2.1, through 2.2.3,
 - 2.3.1 through 2.3.6,
 - 2.3.8 through 2.3.50,
 - 2.4.1 through 2.4.16,
 - 3.3.1 through 3.3.13,
 - 3.3.16,
 - 3.3.18,
 - 3.3.20 through 3.3.26,
 - 3.4.1 through 3.4.4,
 - 4.2.1 through 4.2.20,
 - 4.3.1 through 4.3.3,
 - 4.3.5 through 4.3.76,
 - 4.3.78 through 4.3.88,

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITIONS (Continued)

~~1.141-12~~ "GISB or NAESB or NAESB WGQ Standards" (Continued)

5.2.1,
5.3.1,
5.3.4,
5.3.7,
5.3.9 through 5.3.15,
5.3.17 through 5.3.21,
5.3.23 through 5.3.33,
5.3.35 through 5.3.43,
5.4.1 through 5.4.22

The following standards were adopted by the NAESB WGQ
Recommendations R02002 or R02002-2, as appropriate:

5.2.3
5.3.46 through 5.3.50
5.3.52
5.3.55
5.3.57 through 5.3.58

~~1.151-6~~ "Heating Value" - The quantity of heat, measured in Btu, produced by combustion in air of one (1) cubic foot of anhydrous gas at a temperature of sixty degrees Fahrenheit (60°F) and a constant pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia), the air being at the same temperature and pressure as the gas, after the products of combustion are cooled to the initial temperature of the gas and air, and after condensation of the water formed by combustion.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITIONS (Continued)

- 1.16 "Hourly Entitlement Enhancement Nomination" or "HEEN" - A request submitted by a Rate Schedule FT-1 Shipper to reserve part or all of its MDQ for the nominated flow day to support non-uniform hourly deliveries at a qualified point. HEEN nominations may only be submitted for the Timely or Evening Nomination Cycles and must involve a HEEN Qualified Delivery Point.
- ~~1.171.11~~ "Interconnect" - A point at which any facility, including third-party plants and gathering systems, connects with El Paso's mainline transmission system.
- 1.18 "L&U" - Lost and unaccounted for gas.
- 1.19 "Maximum Delivery Quantity" ("MDQ") - The maximum quantity that El Paso is obligated to deliver at a delivery point as specified on Exhibit A of the Executed TSA. The sum of a Shipper's MDQs at all delivery points shall equal the TCD.
- 1.20 "Maximum Receipt Quantity" ("MRQ") - The maximum quantity, not including Fuel and L&U, that El Paso is obligated to receive at a receipt point as specified on Exhibit A of the Executed TSA. The sum of a Shipper's MRQs at all receipt points shall equal the TCD.
- ~~1.211.2~~ "Month" - A period commencing on the first day of the corresponding calendar month and ending on the first day of the next following calendar month.
- ~~1.221.8~~ "Natural Gas" - Any mixture of hydrocarbons or of hydrocarbons and noncombustible gases, in a gaseous state, consisting essentially of methane.
- 1.23 "North System" - ~~shall mean~~ that portion of El Paso's transportation system that is north of Dutch Flat Station on the Havasu crossover and north and/or west of the south discharge of Plains Station. Section 1.4238 provides an illustration of the North System.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITIONS (Continued)

~~1.241-9~~ "One Thousand Cubic Feet" ("Mcf") - The quantity of natural gas occupying a volume of one thousand (1,000) cubic feet at a temperature of sixty degrees Fahrenheit (60°F) and at a pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia).

~~1.251-7~~ "Operator" - The person or entity that controls the movement of gas through an interconnect point.

1.26 "Path Quantity" - The amount of Transportation Contract Demand rights available under a Shipper's firm TSA on a physical or Virtual Path on El Paso's pipeline system.

1.27 "Permian to Anadarko Fuel" - The Fuel charge applicable to transport service where gas is received in the Permian Basin and delivered to the Anadarko Basin.

1.28 "Permian Basin" - For purposes of the application of rates and the assessment of Fuel charges, within-basin service shall be comprised of gas receipts and deliveries occurring south of Roswell Station, east of the suction of Guadalupe Station, east of the suction of Gresham Station, and south of Dimmitt Station.

~~1.291-18~~ "Pool" - The physical or paper receipt points determined by El Paso at which supplies may be aggregated and disaggregated but not traded. Title Transfer Tracking ("TTT") pools are physical points where supplies may be aggregated and disaggregated and traded among Shippers. The Pooling areas are identified on El Paso's EBB.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITIONS (Continued)

1.30 "Premium Service Delivery Point" - A delivery point eligible for enhanced firm transportation service, e.g. hourly rights, no-notice, daily balancing and swing service. Premium Service Delivery Points will be identified on Transporter's EBB. Transporter will update the list of Premium Service Delivery Points as experience and operating conditions allow. Transporter's determination of eligibility shall be based on, but may not be limited to, the following:

- (a) Except as provided below, the delivery point location is equipped with physical gas measurement equipment compatible with Transporter's system and capable of registering hourly flows; and
- (b) The delivery point operator agrees to receive variable hourly rates of flow and agrees to operate the delivery point under a Predetermined Allocation Agreement ("PDA") or under a mutually agreed upon similar arrangement specifying the allocation of deliveries to individual TSAs.
- (c) Should the delivery location be part of an aggregation of points under a D-Code, some or all of which have physical gas measurement equipment compatible with Transporter's system and capable of registering hourly flows, the hourly profile derived from hourly measured meters shall be applied to the volumes delivered to any meters in the aggregation without hourly measurement equipment.

1.311-24 "Primary Capacity" ~~- shall mean~~ The transportation system capacity (path rights) that is within any portion of the Primary Receipt-to-Delivery Flow Path used by a Shipper under its firm TSA. In addition, Primary status shall apply to the receipt and delivery points specified in the Transportation Service Agreement (point rights). On any pipeline Segment, Primary Capacity is limited by the ~~the~~ Maximum daily Receipt or Delivery ~~Quantity~~ Quantity of the receipt point(s) and delivery point(s) or the Path Quantity, whichever is less.

TRANSPORTATION GENERAL TERMS AND CONDITIONS

(Continued)

1. DEFINITIONS (Continued)

1.321-22 "Primary Receipt-to-Delivery Flow Path" ~~- shall mean~~ The primary capacity between the primary receipt point(s) and primary delivery point(s) limited by the Path Quantity listed in a Shipper's TSA. The direction of flow shall be deemed to be from the primary receipt point to the primary delivery point.

1.33 "Production Area" - A rate delivery zone where the receipts and deliveries occur within the same supply area (San Juan, Permian and Anadarko).

1.341-15 "Samalayuca Lateral Line Facilities" - Those facilities constructed pursuant to the Commission's authorization at Docket No. CP93-252-000, et al. Such facilities extend from the Hueco Compressor Station to the International Border.

1.35 "San Juan Basin" - For purposes of the application of rates and the assessment of fuel charges, within-basin service shall be comprised of gas receipts and deliveries defined by the boundaries of Window Rock Station and Bluewater Station.

1.361-20 "Segment" ~~- shall mean~~ a discrete portion of El Paso's pipeline system between two specific locations. Segments may be identified by a Shipper's nomination(s) or by one or more release(s) of capacity.

1.371-19 "Segmentation" ~~- shall refer to~~ The ability of a Shipper holding a firm TSA to subdivide such capacity into Segments and to use those Segments for different capacity transactions. A Shipper may effectuate Segmentation by designating a Segment or Segment(s) by means of nomination(s), or through capacity release(s), in either case, a Shipper may designate a number of discrete transportation combinations (involving receipt and delivery points), so long as the total quantity of such transaction(s) on any Segment is equal to or less than Shipper's Transportation Contract Demand.

1.381-30 "South System" ~~- shall mean~~ That portion of El Paso's transportation system that is south of Dutch Flat Station on the Havasu crossover, south and east of the south discharge of Plains Station, and the Maricopa line. Section 1.4238 provides an illustration of the South System.

~~The~~ Tariff Sheet illustrating El Paso's North and South Systems is to be submitted only in a "hard copy" format. This electronic media version is submitted for informational purposes only and serves to mark the location of the map in the electronic version of the Tariff.

Reserved for future use.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITIONS (Continued)

1.39 "Transportation Contract Demand" ("TCD") - A Shipper's Transportation Contract Demand shall be the maximum quantity of gas El Paso is obligated to receive (exclusive of Fuel and L&U) and deliver to Shipper under the terms of the TSA. The Transportation Contract Demand shall be specified on Exhibit A of the Executed TSA.

1.40~~1.17~~ "Transportation Service Agreement" ("TSA") - ~~a~~A contract for service in the form contained in the applicable Form of Service Agreement.

1.41~~1.28~~ "Virtual Path" ~~shall mean~~ That portion of a nominated Flow Path that lies within one of the areas described in Section 20.12(c)(i).

1.42~~1.9~~ "Western Energy Settlement" ~~-~~ For purposes of this tariff, means the settlement between and among El Paso Natural Gas Company, El Paso Merchant Energy Company, El Paso Merchant Energy-Gas, L.P., the Public Utilities Commission of the State of California, Pacific Gas and Electric Company, Southern California Edison Company, and the City of Los Angeles, and approved by the Federal Energy Regulatory Commission in Docket No. RP00-241.

1.43~~1.3~~ "Year" - A period of three hundred sixty-five (365) consecutive days commencing on the date to be specified in the executed Transportation Service Agreement; provided, however, that any such year which contains the date of February 29 shall consist of three hundred sixty-six (366) consecutive days.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

2. ~~METHOD OF MEASUREMENT~~

2.1 Unit of Measurement ~~—The unit of measurement for the purpose of receipt and delivery of natural gas for transportation shall be one (1) dth. The number of dth's delivered shall be determined by multiplying the number of Mcf of gas delivered by the total heating value of such gas in Btu's per cubic foot, and multiplying the product by 0.001.~~ Metering Base. The volumetric measurement base shall be 1 cubic foot of gas at a pressure base of 14.73 pounds per square inch absolute, at a temperature base of 60 degrees Fahrenheit, and without adjustment for water vapor.

~~The unit of volume for the purpose of measurement shall be one (1) Mcf at a pressure of fourteen and seventy three hundredths pounds per square inch absolute (14.73 psia) and at a temperature of sixty degrees Fahrenheit (60°F). All readings and registrations of the metering equipment shall be computed into such unit of volume.~~ 2.2 Atmospheric Pressure. For the purpose of measurement, calculation and meter calibration, the average absolute atmospheric (barometric) pressure shall be based on the actual altitude of each point of measurement irrespective of variations in natural atmospheric pressure from time to time.

2.2 ~~Basis~~ All orifice meter volumes shall be computed in accordance with applicable American Gas Association reports. Where measurement is by other than orifice meters, all necessary factors for proper volume determination shall be applied. 2.3 Temperature. The temperature of the gas shall be determined at the points of measurement by means of acceptable measurement equipment of standard manufacture as determined by Transporter in exercise of its reasonable judgment, which shall be installed in accordance with the recommendations contained in ANSI/API 2530 First Edition (Orifice Metering of Natural Gas). The arithmetic average of Hourly temperatures for each Day shall be used in computing temperatures of the gas during such Day. In the event electronic computer measurement is used, average hourly temperature will be computed as a running average of data determined during each computer scan.

~~All orifice meter volumes shall be corrected for deviations from the ideal gas laws (supercompressibility) in accordance with the applicable American Gas Association reports. Where displacement meters are used, the square of the orifice meter supercompressibility factor shall be applied.~~ 2.4 Determination of Heating Value and Specific Gravity. The Gross Heating Value and specific gravity of the gas may be determined by gas chromatographic analysis. This shall be done by either a gas sample or by an on-line gas chromatograph. In the event a continuous Gas sampling

device is used, the analysis shall be performed monthly. The determination of Gross Heating Value and specific gravity from an on-line chromatograph shall input continuously into the computer for quantity calculations. In the event a continuous gas sampler is installed, then the Gross Heating Value and specific gravity shall be determined in the laboratory by chromatograph. Such determinations shall be considered as the Gross Heating Value and specific gravity of all gas delivered during the applicable period of sampling. All Gross Heating Value and specific gravity determinations made with a chromatograph shall use physical gas constants for gas compounds as outlined in ANSI/API 2530 with any subsequent amendments or revisions to which the Parties may mutually agree.

~~For the purpose of measurement, the atmospheric pressure shall be the barometric pressure calculated for the elevation at the point of measurement.~~

~~2.3 Determination of Heating Value—The heating value of gas shall be determined from time to time by analysis of samples obtained from continuous sampling devices. The samples shall be run on a recording calorimeter, employing the Thomas principle of calorimetry, located at the measuring station or at any other point on the pipeline where there will be no commingling thereafter of gas, or by means of some other recognized method. The arithmetic average heating value of the gas during the chart period shall be used in computing any deficiency in Btu content of gas delivered during such period.~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

2. ~~METHOD OF MEASUREMENT~~ (Continued)

~~2.4 Determination of Flowing Temperature—The temperature of the gas flowing through a meter station shall be obtained by the use of a recording thermometer. The arithmetic average temperature of the gas during the chart period shall be used in computing the delivery of gas during such period. Where the quantities of gas metered will not be materially affected by so doing, the temperature at delivery shall be assumed to be sixty degrees Fahrenheit (60°F) when not regularly measured.~~
2.5 Compressibility and Supercompressibility.
The measurement hereunder shall be corrected for deviation from Boyle's law in accordance with AGA Report No. 8.

~~2.5 Determination of Specific Gravity—The specific gravity of the gas flowing through orifice meter stations, when used, shall be determined by taking samples of such gas by means of a recording gravimeter located at the measuring station or at any other point on the pipeline where there will be no commingling thereafter of gas, or by any other recognized method which may be practical in the circumstances. The arithmetic average specific gravity of the gas at such points during the chart period shall be used in computing the delivery of gas during such period at such points.~~

~~2.6 Chromatographic Analysis—If the heating value and/or the specific gravity is determined by chromatographic analysis of the gas sample, the values of the physical constants for the gas compounds and the procedure for determining the gross heating value and/or the specific gravity of the gas from them shall be as set forth in the American Gas Association reports where available.~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

3. MEASUREMENT EQUIPMENT

- ~~3.1 Installation and Operation of Measuring Facilities—All measuring facilities shall be installed, if necessary, owned, maintained and operated, at or near the Receipt Point(s) and Delivery Point(s), as mutually agreed to by El Paso and Shipper. The parties agree that new measurement equipment and techniques which may be developed from time to time, including electronic flow measurement equipment and techniques, may be utilized by either party to measure the quantity of gas delivered to or by El Paso without additional authorization from the other party provided such new equipment or technique is recognized as generally acceptable for the intended purpose by recognized industry authorities, provides audit data acceptable by El Paso, and is installed and operated in accordance with generally accepted industry practices. Unless otherwise agreed to between the parties, orifice meters shall be utilized and shall employ flange taps and shall be installed and operated in accordance with the applicable American Gas Association reports.~~
- ~~3.2 Installation and Operation of Check Meters—Either party may install, maintain and operate at its own expense, at or near the Receipt Point(s) and the Delivery Point(s), check meters and other necessary equipment by which the quantity of gas delivered to or by El Paso may be measured, provided that such equipment is installed so as not to interfere with the operation of the primary measuring facilities provided for in Section 3.1 hereof. Unless otherwise agreed to between the parties, orifice meters shall be utilized and shall employ flange taps and shall be installed and operated in accordance with the applicable American Gas Association reports.~~
- ~~3.3 Non interference—Measuring equipment applying to or affecting deliveries shall be installed in such manner as to permit an accurate determination of the quantity of gas delivered and ready verification of the accuracy of measurement. The parties shall exercise care in the installation, maintenance and operation of check measuring or pressure regulating equipment or gas compressors so as to prevent any inaccuracy in the determination of the quantity of gas being measured.~~3.1 Unless otherwise agreed, Transporter will install, maintain, and operate or cause to be installed, maintained and operated, measuring stations equipped with flow meters and other necessary metering and measuring equipment by which the volumes of gas received and delivered hereunder shall be determined. Shipper may install check-measuring equipment at its own cost and expense, provided such equipment shall be so installed as not to interfere with the operations of Transporter. The calibrating and adjusting of electronic computer components and/or mechanical recording instruments thereof shall be done only by the equipment owner or such owner's representative, unless otherwise agreed upon. Both

Transporter and Shipper shall have the right to be present at the time of any installing, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment; provided, however, failure of either Transporter or Shipper to witness such an operation shall not affect the validity of such operation in any way. The records from such measuring equipment shall remain the property of their owner, but upon request, each will submit within 10 Days to the other its records, together with calculations therefrom, for inspection, subject to return within 30 Days after receipt thereof. The measurement equipment of Shipper shall be for check purposes except as otherwise provided.

3.2 Orifice Meters. Orifice meters shall be installed and gas volumes computed in accordance with the standards prescribed in AGA Report No. 3 "Orifice Metering of Natural Gas."

3.3 Ultrasonic Meters. Ultrasonic meters shall be installed and gas volumes computed in accordance with the standards prescribed in AGA Report No. 9 "Measurement of Gas by Multipath Ultrasonic Meters".

3.4 Positive Displacement Meters. Positive displacement meters shall be installed and gas volumes computed in accordance with generally accepted industry practices.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

3. MEASUREMENT EQUIPMENT (Continued)

- 3.5 New Measurement Techniques. If, at any time during the term hereof, a new method or technique is developed with respect to gas measurement or the determination of the factors used in such gas measurement, such new method or technique may be substituted by Transporter in exercise of its reasonable judgment. Transporter shall promptly inform all Shippers of any new technique adopted.
- 3.6 Calibration and Test of Meters. The accuracy of all measuring equipment shall be verified by Transporter at reasonable intervals, and if requested, in the presence of representatives of Shipper, but neither Shipper nor Transporter shall be required to verify the accuracy of such equipment more frequently than once in any 30-Day period. If either Party at any time desires a special test of any measuring equipment, it will promptly notify the other, and the Parties shall then cooperate to secure a prompt verification of the accuracy of such equipment.
- 3.7 Correction of Metering Errors. If, upon test, the measuring equipment is found to be in error by not more than one percent (1%), previous recordings of such equipment shall be considered accurate in computing deliveries, but such equipment shall be adjusted at once to record accurately. If, upon test, the measuring equipment shall be found to be inaccurate by an amount exceeding one percent (1%), 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 or agreed upon. In case the period is not known or agreed upon, such correction shall be for a period equal to the lesser of one-half of the time elapsed since the date of the last test or sixteen Days.
- ~~3.4 Calibration and Test of Measurement Equipment—Each party shall have the right to have representatives present at the time of any installing, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the other party's measuring equipment, including calorimeters, used in the measurement of deliveries of gas.~~

~~The accuracy of the measuring equipment, including calorimeters, shall be verified at reasonable intervals but not more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of said measuring equipment or of the check measuring equipment, as the case may be, the parties shall cooperate to secure prompt verification of the accuracy of such equipment. Each party shall give to the other party sufficient advance notice of the time of~~

~~all such special tests so that the other party may conveniently have its representatives present.~~

~~3.5 Charts and Records — Upon request of either party, the other shall submit the records and charts from its measuring equipment used in the measurement and billing of gas, including records resulting from electronic flow measurement, chartless custody transfers or any other improved measurement technology, together with calculations therefrom, for inspection and verification, subject to return within thirty (30) days after receipt.~~

~~The parties shall preserve all test data, charts and other required data pertaining to the measurement of gas by their respective measurement equipment for a period of three years or such other period or periods as may be prescribed with respect to them by regulatory bodies having jurisdiction.~~

~~3.6 Correction of Metering Errors — If, upon test, the 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, but such equipment shall be adjusted at once to record accurately.~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

3. MEASUREMENT EQUIPMENT (Continued)

~~3.6 Correction of Metering Errors (Continued)~~

~~If, upon test, the 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 or agreed upon. In case the period is not known or agreed upon, such correction shall be for a period equal to the lesser of one half of the time elapsed since the date of the last test or sixteen (16) days.~~

~~3.7 Failure of Meters — In the event a meter is out of service or registering inaccurately, the quantity of gas delivered shall be determined.~~

~~(i) 3.8 Failure of Measuring Equipment. In the event any measuring equipment is out of service or is found registering inaccurately and the error is not determinable by test or by previous recordings, receipts or deliveries through such equipment shall be estimated and agreed to by the Parties upon the first of the following methods which is feasible:~~

~~(a) By correcting the error if the percentage of error is ascertainable by calibration, special test, or mathematical calculations; or in the absence of (i), then.~~

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

~~(iii) (c) By estimating the quantity of delivery gas received or delivered based on receipts or deliveries during preceding periods under similar conditions when the ~~meter~~ measuring equipment was registering accurately.~~

~~3.8 — 9 Preservation of Records. Shipper and Transporter shall preserve for a period of at least 3 years, or for such longer period as may be required by appropriate authority, all test data and other similar records.~~

~~3.10 Right-of-Way and Rural Consumers — El Paso. Transporter shall install, maintain and operate at its own expense, all main line taps and high-pressure regulators necessary for the delivery of natural gas by El Paso Transporter to Shipper for resale to right-of-way consumers as well as to rural consumers situated remotely~~

from Shipper's general distribution system. For measurement of gas delivered by ~~El Paso~~Transporter to Shipper for resale to such right-of-way consumers, Shipper ~~shall~~may install, maintain and operate at Shipper's own expense, adjacent to ~~El Paso's~~Transporter's pipeline, the meters, low-pressure regulators and other equipment required.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

3. MEASUREMENT EQUIPMENT (Continued)

3.810 Right-of-Way and Rural Consumers (Continued)

For measurement of gas delivered by ~~El Paso~~Transporter to Shipper for resale to such rural consumers, ~~El Paso~~Transporter may, at its option, require Shipper to install, maintain and operate at Shipper's own expense, adjacent to ~~El Paso's~~Transporter's high-pressure regulators, the meters, low-pressure regulators and other equipment required.

Notwithstanding the other provisions of these General Terms and Conditions and unless other operating arrangements mutually agreeable to Shipper and ~~El Paso~~Transporter are employed, the following arrangements shall apply to deliveries of gas by ~~El Paso~~Transporter to Shipper for resale to right-of-way consumers as well as to deliveries of gas by ~~El Paso~~Transporter to Shipper for resale to rural consumers where, pursuant to the immediately preceding paragraphs, Shipper installs meters, low-pressure regulators and other equipment.

Shipper will service all equipment installed by it and the consumers served by use thereof, including handling of all complaints and/or service calls. The reading of said meters shall be performed by the party most conveniently able to do so as mutually agreed upon by ~~El Paso~~Transporter and Shipper. If the meters are read by Shipper, then Shipper shall furnish a copy of the meter readings to ~~the El Paso~~Transporter, all without expense to ~~El Paso~~Transporter; provided, however, that ~~El Paso~~Transporter shall have the right to read said meters at any reasonable time upon giving notice to Shipper. All pipe, meters and other equipment shall remain the property of the person or corporation paying for same. Shipper at its own expense will from time to time check the accuracy of the meters measuring said gas and shall give ~~El Paso~~Transporter reasonable notice in writing of its intention to do so. The provisions of Sections 3.6-7 and 3.7-8 hereof shall apply to the accuracy of Shipper's measuring equipment. ~~El Paso~~Transporter may at its option have a representative present at such test.

The frequency of meter reading and the billing for gas delivered by ~~El Paso~~Transporter to Shipper for resale to such right-of-way and rural consumers shall be in accordance with such operating arrangements as may be mutually satisfactory to ~~El Paso~~Transporter and Shipper.

~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
~~(Continued)~~

~~3. MEASUREMENT EQUIPMENT (Continued)~~

~~3.9 Access to Measuring Equipment — Whenever any point of delivery provided for is on the premises of one party, the other party shall have the right of free use and ingress and egress at all reasonable times for the purpose of installation, operation, repair or removal of measuring equipment.~~

~~In the event check measuring equipment is installed, the other party shall have access to the same at all reasonable times, but the reading, calibration and adjusting thereof and the changing of charts shall be done only by the party installing the check measuring equipment.~~

Reserved for future use.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

4. SCHEDULING AND CAPACITY ALLOCATION (Continued)

4.1 Scheduling of Receipts and Deliveries (Continued)

(a) (Continued)

-(vii) Intra-day Requests: Shippers may submit intra-day requests which address either a single or multiple receipt/delivery point(s). El Paso will schedule such requests using the allocation priorities established in Section 4.2 with the additional requirements that 1) intra-day nominations submitted by firm shippers have scheduling priority over nominated and scheduled ~~volumes for interruptible shippers volumes~~ during all ~~standard~~ nomination cycles except the Intra-day 2 Nomination Cycle, 2) requests for firm primary service will have priority over previously scheduled Flow Point Secondary, Flow Path Secondary, First Alternate, Second Alternate and interruptible service, and Flow Point Secondary, Flow Path Secondary, First Alternate and Second Alternate service will have priority over previously scheduled interruptible service during the evening nomination cycle, and 3) a Releasing Shipper's request to recall released capacity may result in the reduction of an Acquiring Shipper's previously scheduled quantities.

(viii) Section 284.12(b)(1)(i): In compliance with the Commission's Regulations, El Paso will 1) give scheduling priority to an intra-day nomination submitted by a firm shipper over nominated and scheduled volumes for interruptible shippers (as further clarified by Section 4.1(a)(vii) above), 2) provide the bumped shipper with advance notice of any reduction resulting from an intra-day nomination, and 3) indicate whether daily penalties will apply for the ~~gas day~~ Gas Day for which quantities are reduced (NAESB Standard 1.3.51). ~~Intra-day nominations~~ Nominations submitted on the day prior to gas flow will take effect at the start of the gas day at 9:00 a.m. (central clock time).

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

4. SCHEDULING AND CAPACITY ALLOCATION (Continued)

4.1 Scheduling of Receipts and Deliveries (Continued)

(a) (Continued)

(ix) Notice Procedures: Transportation Service Providers should provide affected parties with notification of intraday bumps, operational flow orders and other critical notices through the affected party's choice of Electronic Notice Delivery mechanism(s) (NAESB Standard 5.3.34). Electronic Notice Delivery is the term used to describe the delivery of notices via Internet E-mail and/or EDI/EDM (NAESB Standard 5.2.2).

(x) ~~Flow Day~~ Flow Day -- Shippers shall cause the Operators to tender the scheduled quantities of natural gas to ~~El Paso~~ El Paso at ~~Receipt Points~~ receipt points, plus volumes to be retained by ~~El Paso~~ El Paso for ~~fuel~~ Fuel and ~~shrinkage~~ I&U as provided for in the applicable transportation rate schedule, and ~~El Paso~~ El Paso shall deliver the scheduled quantities of natural gas, for Shippers' accounts, at Delivery Points.

(xi) If a confirmation from an interconnect operator is received after quantities are scheduled, the resulting imbalance will be carried on the shipper's transportation service agreement unless the interconnect operator agrees to accept the scheduled quantities on its operational balancing agreement ~~during the Intraday 2 Cycle~~.

(xii) El Paso will accept nominations for Rate Schedule FDBS-1 service at times other than those stated in Sections 4.1(a)(i) through 4.1(a)(iv) if they do not adversely affect service to other firm Shippers or system capacity.

(b) Operating conditions may, from time to time, cause a temporary and unintentional imbalance between the quantities (in dth's) of natural gas that ~~El Paso~~ El Paso receives and the quantities of natural gas that Shipper takes under the ~~executed~~ Executed Transportation Service Agreement. Shipper shall schedule gas attributable to imbalances when ~~El Paso~~ El Paso, in its reasonable discretion and in a ~~non~~ not unduly discriminatory manner, determines that it can practicably receive or deliver such imbalance. In the event a Shipper nominates make-up or payback gas to resolve an imbalance,

the scheduling priority, if capacity is available, shall be based on the priority of the underlying TSA.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

4. SCHEDULING AND CAPACITY ALLOCATION (Continued)

4.1 Scheduling of Receipts and Deliveries (Continued)

- (c) ~~El Paso~~ shall not be obligated to accept, for the account of Shipper, from any receipt point, a quantity of gas that is less than fifteen (15) dth per day, so as to avoid measurement problems relative to small volumes and disproportionate administrative burdens.
- (d) ~~With respect to its own natural gas supplies, El Paso shall be obligated to pool its supplies by basin, and schedule its own sales gas from such pools in the same manner as it schedules gas from pools for other Shippers.~~ RESERVED
- (e) In the event that, ~~on for any day~~ Gas Day, a Shipper's initial request for transportation on El Paso's system is unsuccessful due to lack of access to downstream transportation at any delivery point, which El Paso shall confirm by contacting the downstream operator, such condition shall have no adverse effect on the scheduling of other Shipper's rights at receipt or delivery points.
- (f) In the event of any occurrence which prevents El Paso from utilizing the process set forth above (e.g., computer failure), for the duration of such occurrence, El Paso shall schedule the lesser of the last new request received and confirmed or the previously scheduled quantities. Notice of the commencement and termination of any such occurrence shall be posted on El Paso's EBB. The provisions of Section 4.2(d) below shall not apply to occurrences subject to this Section 4.1(f).
- (g) Flow Day Diversion. During ~~flow day~~ Gas Day, a Shipper moving gas pursuant to Rate Schedule FT-1 of this Volume No. 1-A Tariff may divert scheduled volumes to a point that is within the same rate zone or in an upstream zone. A Releasing Shipper, as a term of release, may utilize such flow day diversion as a means of recalling capacity on an expeditious basis. Additionally, an Acquiring Shipper also may utilize flow day diversion for the same day return of such recalled capacity. Any diversion pursuant to this Section 4.1(g) is subject to the following conditions:

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

4. SCHEDULING AND CAPACITY ALLOCATION (Continued)

4.1 Scheduling of Receipts and Deliveries (Continued)

- (g)(i) The Shipper who desires to divert gas to an alternate delivery point must:
- (1) Contact the Operator of the delivery point to which the gas was originally scheduled and arrange for that Operator to decrease the quantity to be received from El Paso, and
 - (2) Arrange with the Operator of the alternate delivery point to receive the gas.
- (ii) The Operator of the delivery point from which the gas is to be diverted must notify El Paso, via El Paso's electronic scheduling system, which Shipper's gas is to be diverted and to whom and where it is to be diverted.
- (iii) The Operator of the alternate delivery point must notify El Paso, via El Paso's electronic scheduling system, that said Operator has agreed to receive the diverted gas and must specify the quantities to be diverted to each delivery point.
- (iv) El Paso shall compare the notifications to verify that the transactions correspond and shall determine if all or part of the requested transaction can be accommodated given the current and anticipated pipeline loading and operating conditions. A flow day diversion shall not have the effect of bumping a Shipper moving gas under Rate ~~Schedule~~Schedules IT-1 or IHSW of this Volume No. 1-A Tariff.
- (v) If all or part of the transaction can be accommodated, El Paso shall notify the Shipper and Operators involved what portion of the transaction has been accepted.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

4. SCHEDULING AND CAPACITY ALLOCATION (Continued)

4.1 Scheduling of Receipts and Deliveries (Continued)

- (g)(vi) The volumes scheduled to be diverted shall be assumed to have flowed such that no imbalance exists as a result of the diversion transactions at the end of the day of flow. Any imbalance resulting from the difference between the total scheduled quantities (including diversion volumes) and the actual measured volumes shall be accounted for at the delivery point or on a transportation service agreement, as appropriate.
- (vii) As a result of the diversion, Shipper shall not experience any change to the originally scheduled volumes and shall be invoiced as though the gas had been delivered to the originally scheduled point.
- (h) Point rights will be scheduled in the following order: 1) primary points, 2) non-primary points within the Primary Receipt-to-Delivery Flow Path, and 3) non-primary points outside the Primary Receipt-to-Delivery Flow Path.
- (i) Path rights will be scheduled in the following order: 1) Primary Receipt-to-Delivery Flow Paths, 2) that portion of a Flow Path that is outside the Primary Receipt-to-Delivery Flow Path when the remaining portion of the Flow Path is inside, 3) Flow Paths in the virtual area using an alternate point, and 4) Flow Paths where no portion of the path uses the Primary Receipt-to-Delivery Flow Path.
- ~~4.2 Capacity Allocation Procedure — If, on any day, (j)~~
Shippers do not nominate on an hourly basis; all nominations and confirmations are for daily quantities.
~~El Paso determines that the capacity of its pipeline system, or any portion of such system, is insufficient to serve all requests for transportation, then El Paso will schedule transportation in accordance with the sequencing procedures set forth below until all available capacity at the constrained location is allocated. Capacity shall be allocated among Shippers on a nondiscriminatory basis. For purposes of allocating capacity, Shippers paying a negotiated rate higher than the applicable maximum rates stated volumetrically and calculated on a 100% load factor basis, will be considered to be paying the maximum Tariff rate. Subject to the foregoing, capacity shall be allocated among Shippers in accordance with the following. El Paso shall~~

determine equivalent hourly nominations/confirmations for any daily nominations/confirmations received based on an hourly profile of the daily scheduled quantity or an hourly profile of the daily MDQ, as specified in the applicable rate schedule.

(k) Nominations for storage service shall use the transportation nomination procedures of this section.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

4. SCHEDULING AND CAPACITY ALLOCATION (Continued)

4.2- ~~Capacity Allocation Procedure (Continued).~~ If, on any day, El Paso determines that the capacity of its pipeline system, or any portion of such system, is insufficient to serve all requests for transportation for that nomination cycle, then El Paso will schedule transportation in accordance with the sequencing procedures set forth below until all available capacity at the constrained location is allocated.

Firm Allocation. Firm service shall be scheduled based on confirmed quantities not to exceed the capacity of the facility to receive or deliver gas and not to exceed any Shipper's maximum contract quantities. Capacity rights shall be determined based on point rights first and path rights second.

(a) Shippers receiving service under Rate Schedule FT-2 for delivery to primary delivery point(s), shall receive their full requirements, up to a maximum of 10,000 ~~Dthdth~~ per day, before all other Shippers ~~without any~~, subject to the requirements or restrictions as to where the gas is received.

~~(b) of Section 2.4 of Rate Schedule FT-12.~~

~~(b) All other firm transportation Shippers, including Acquiring Shippers receiving released capacity on a firm or firm recallable basis under El Paso's Capacity Release Program, using Primary Capacity. Effective for the period January 1, 1998 through December 31, 2005, this Section 4.2(b) also shall include Shippers holding firm capacity rights for the following blocks of capacity: (i) Block I capacity as defined in Section 4.5(b)(i) of the General Terms and Conditions of this Tariff sold at maximum tariff rates with receipt points in the Permian and Anadarko Basins; (ii) Block II capacity as defined in Section 4.5(b)(ii); and (iii) Block III capacity as defined in Section 4.5(b)(iii); but only to the extent Shippers holding such Block I, Block II or Block III capacity are using primary receipt and delivery points; then~~

~~(c) Rate Schedule FT-1~~ All other firm transportation Shippers utilizing Flow Point Secondary, Flow Path Secondary or Alternate Capacity (including Segmentation) in the order listed below. Effective for the period January 1, 1998 through December 31, 2005, this Section 4.2(c) also shall include Shippers holding firm capacity rights for Block I capacity as defined in Section 4.5(b)(i) of this Tariff that is not included in Section 4.2(b) above and any Shipper holding Block I, Block II, or Block III capacity utilizing an alternate receipt point or an alternate delivery point. Capacity within each category shall be scheduled within

each group first to those shippers paying the maximum tariff rates for any rate zone. If allocations are required among the maximum rate shippers, they will be performed on a pro rata basis using contract MDQ. Service will be scheduled next to those shippers paying discounted rates with the highest reservation rates being scheduled first. If allocations are required among discounted rate shippers paying the same discounted rate, they will be performed on a pro rata basis using contract MDQ.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

4. SCHEDULING AND CAPACITY ALLOCATION (Continued)

4.2 Capacity Allocation Procedure (Continued)

- (g) In the event a firm Shipper requests and receives an emergency exemption as provided in Section 4.2(~~fe~~), El Paso shall charge the Shipper receiving emergency service ("Emergency Shipper") all usage rates, surcharges and ~~applicable fuel and L&U~~ under the applicable rate schedule for the volumes of gas scheduled or delivered to or for the account of that Shipper. If an Emergency Shipper receives emergency service and, as a result, another Shipper receives less than its capacity scheduled that day, then the Emergency Shipper will also be charged an additional reservation charge equivalent to the highest ~~Rate Schedule FT-1 firm rate~~ (on a daily equivalent basis) multiplied by the quantity by which the Emergency Shipper exceeded its scheduled capacity and the number of applicable days.

After serving all firm requirements, then capacity shall be allocated to interruptible service as follows:

Interruptible Allocation

~~(a) First, interruptible capacity shall be allocated based on the usage rate being paid with the highest rate being scheduled first. Shippers paying the same usage rate shall be allocated on a pro rata basis based on nominated and confirmed quantities. Interruptible capacity shall be allocated in the following order:~~

~~(a) First, among Shippers who contracted prior to October 9, 1985 for receiving firm authorized overrun interruptible transportation service, according to the provisions of the applicable transportation contracts; then~~

~~(b) Second, among Shippers utilizing El Paso's interruptible transportation service on a first come/first served basis as set forth in Section 19 of these General Terms and Conditions; then~~

~~(c) Third, pro rata among Shippers receiving interruptible overrun transportation service up to the Shipper's scheduled quantity and pooling service.~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

4. SCHEDULING AND CAPACITY ALLOCATION (continued)

4.2 Capacity Allocation Procedure (continued)
Interruptible Allocation (continued)

(d) ~~Fourth~~ Third, among Shippers utilizing El Paso's Rate Schedule PAL and Rate Schedule ISS service. ~~Scheduling of PAL service will be based on the priority of the related transportation service agreement or pooling account. Among Shippers with the same priority, scheduling will be pro rata on the basis of each Shipper's nominated and confirmed quantities.~~ Interruptible storage capacity shall be allocated based on the storage inventory rate being paid with the highest rate being scheduled first. Shippers paying the same usage rate shall be allocated on a pro rata basis based on the daily scheduled quantity.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

4. SCHEDULING AND CAPACITY ALLOCATION (Continued)

4.3 Adjustments to Confirmation Volumes Received by El Paso in the
Event of Supply Underperformance (Continued)

-(c) (i) Receipts from interconnects shall be monitored by El Paso on a daily basis where real time data is available. When actual receipts are less than confirmed volumes and the shortfall in receipts threatens the integrity of El Paso's system, El Paso shall notify the interconnect Operator and request the Operator to increase deliveries or reduce confirmed volumes prospectively.

(ii) In the event an interconnect Operator fails to make adjustments, El Paso shall limit, on a pro rata basis, prospective confirmed volumes to actual receipts of supply on the day in question. Higher confirmations shall be allowed prospectively only when the Operator increases volumes of gas into El Paso's system.

4.4 Capacity Allocation in the Event of Force Majeure or Required Maintenance. If El Paso determines that its available capacity is reduced due to force majeure or required maintenance, El Paso shall allocate all available capacity first to all primary service on a proportionate basis and then to all alternate service on a proportionate basis. Contract maximum ~~daily receipt or delivery~~ point quantities shall be used to determine capacity allocations, if any, at a primary receipt or primary delivery point. When there is a constraint along a Flow Path, the contract ~~maximum~~ ~~daily~~ path quantity at or through the constraint shall be used to determine primary capacity allocations at or through such constraint.

(i) Should multiple simultaneous events occur requiring El Paso to allocate available capacity, El Paso will schedule all available capacity by resolving the most constrained point (defined as the largest difference between confirmed nominations and operational available capacity) first. If further allocations are necessary, El Paso will continue to resolve the most constrained point until all constraints are resolved.

~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
(Continued)

~~4.5 Access to Receipt Points~~

- ~~(a) Effective January 1, 1998, for purposes of applying Sections 4.1 and 4.2, firm capacity having primary access to receipt points shall consist of the following: (i) Shippers holding firm Transportation Service Agreements on December 31, 1995 ("12-31-95 Shippers") only to the extent of the capacity actually covered by such agreements from time to time; (ii) Shippers who acquire Block I capacity from the Permian and Anadarko basins for the maximum tariff rate as described in Section 4.5(b)(i); (iii) Shippers who acquire Block II and Block III capacity as described in Section 4.5(b)(ii) and (iii); and (iv) Shippers resubscribing to capacity pursuant to Section 4.5(b)(iii) below.~~
- ~~(b) Beginning January 1, 1998, access of turned back capacity to system receipt points shall be administered as follows:~~
- ~~(i) Block I — A block of 500 MMcf/d of turned back capacity shall be given alternate receipt point access rights to all system receipt points; provided, however, capacity sold from Block I for the maximum tariff rate set forth in Rate Schedule FT-1 shall have primary receipt point access rights at those receipt points in the Permian and Anadarko Basins assigned to that capacity in the Docket No. RP00-336-000 capacity rationalization process.~~
 - ~~(ii) Block II — A block of 614 MMcf/d of turned back capacity shall be designated for primary point deliveries to TOPOCK for PG&E or shipper(s) serving a market in PG&E's service territory (collectively "Block II Shippers") and shall have primary access rights at those receipt points assigned to that capacity in the Docket No. RP00-336-000 capacity rationalization process.~~

~~For the period January 1, 1998 through the effective date of the Western Energy Settlement in Docket No. RP00-241, et al., El Paso may market available Block II capacity to other delivery points subject to recall by El Paso for Block II Shipper(s) as follows: 350 MMcf/d within 48 hours (any time), 150 MMcf/d within one month (72 hours prior to the first of the month), and 114 MMcf/d within three months (72 hours prior to the first of the month); provided, however, that to the extent Block II capacity has not been marketed, Block II Shipper(s) must acquire such unmarketed capacity before~~

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~~(Continued)~~

~~4. SCHEDULING AND CAPACITY ALLOCATION (Continued)~~

~~4.5 Access to Receipt Points (Continued)~~

~~requesting El Paso to recall capacity from Block II. El Paso shall recall Block II capacity marketed to other delivery points if Block II Shipper(s) requesting the recall at least match the rate in the contract covering the capacity to be recalled and subscribe such capacity for a term of longer than one month. El Paso shall recall capacity for terms of one month or less if Block II Shipper(s) agree to pay the maximum tariff rate set forth in Rate Schedule FT-1 for the capacity. Capacity recall shall comply with the provisions of Section 28.14 of this Tariff. A Shipper may elect to purchase capacity from Block III below to access PG&E's service territory regardless of the availability of Block II capacity. Beginning with the effective date of the Western Energy Settlement in Docket No. RP00-241, et al., through December 31, 2005, the Block II recall provisions detailed in Section 4.12 of the General Terms and Conditions of this Tariff shall apply.~~

~~(iii) Block III — A block of 500 MMcf/d of turned back capacity shall have primary access rights at those receipt points assigned to that capacity in the Docket No. RP00-336-000 capacity rationalization process. The capacity currently held by 12-31-95 Shippers shall be added to Block III if such Shippers terminate their firm agreements or reduce their Contract Demand. Such terminating Shippers may resubscribe, for a volume up to 53.7% of such Shippers' Docket No. RP95-363-000 Settlement Billing Determinants or Contract Demand, firm capacity having primary system receipt point access for delivery points stated in the terminated Transportation Service Agreement; provided, however, that such Shippers may also acquire available capacity in this or other blocks.~~

~~(c) — Effective January 1, 1998, Shippers acquiring released firm California capacity may, subject to Section 28.25 (2) of El Paso's Volume No. 1 A Tariff, change the primary delivery point to TOPOCK for deliveries into PG&E's service territory. This capacity shall maintain its primary delivery point status for purposes of supply basin receipt point access.~~

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~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
~~(Continued)~~

~~4. SCHEDULING AND CAPACITY ALLOCATION (Continued)~~

~~4.6 Pooling El Paso shall provide one or more pooling areas in each of the production basins accessed by its system for purposes of facilitating the aggregation and disaggregation of gas received into its system within each such area. The process of aggregating and disaggregating gas receipts shall be deemed pooling. Pooling shall be subject to the following conditions:~~

- ~~(a) To the extent possible, El Paso shall follow the priority rankings of poolers while providing such poolers at least two opportunities to make upstream transfers prior to gas being delivered to a downstream Transportation Service Agreement;~~
- ~~(b) Quantities transferred into each pooling account must equal quantities transferred out of such account during each scheduling cycle;~~
- ~~(c) El Paso shall not be obligated to schedule pooling transactions involving more than ten layers of pools; and~~
- ~~(d) In order to honor previously scheduled quantities for Transportation Service Agreements, all pooling transactions must be reprocessed during each of the scheduling cycles. This may change the quantities reported on prior cycles.~~
- ~~(e) At a minimum, El Paso should be responsible for accommodating Title Transfer Tracking ("TTT") services at all points identified by El Paso as pooling points, where TTT services are requested. In absence of existing pooling points or in addition to existing pooling points where access to TTT activity is not reasonably accessible for supply receipt locations covered by an OBA, El Paso should be responsible for accommodating TTT at no less than one location. (NAESB Standard 1.3.64)~~

~~— The Title Transfer Tracking services should be supported by means of the nominations, quick responses and scheduled quantities processes. At El Paso's election, the confirmation process may also be utilized with Title Transfer Tracking Service Providers within El Paso's system. (NAESB Standard 1.3.65)~~

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~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
~~(Continued)~~

~~4. SCHEDULING AND CAPACITY ALLOCATION (Continued)~~

~~4.6 Pooling (Continued)~~

- ~~(f) El Paso shall provide service as a Title Transfer Tracking Provider ("TTTSP") at its designated pooling points. Parties wishing to transfer title to other parties using El Paso's TTT services must hold a pooling account with El Paso. Third Party Account Administrators ("3PADS") must hold a pooling account with El Paso and must follow the procedures and requirements for nominations, quick responses and scheduled quantities.~~
- ~~(g) Shippers may request a physical receipt point as a primary receipt point in lieu of a pool. If a Shipper selects a receipt point rather than a pool, the Shipper's primary receipt point rights will be at the receipt point and rights to the pool containing that receipt point will be on an alternate basis.~~

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~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
~~(Continued)~~

~~4. SCHEDULING AND CAPACITY ALLOCATION (Continued)~~

~~4.7 Weighting Procedures — El Paso will apply the following weighting procedures when scheduling transportation and pooling transactions during each of the four daily scheduling cycles.~~

- ~~(a) — El Paso will schedule transportation and pooling transactions using the priority rankings established by the shipper and pooler. To eliminate differences in how individual poolers and shippers assign priority rankings, each mainline shipper's and pooler's priority rankings will be converted to ordinal numbers (e.g., 1st, 2nd, 3rd) that maintain the same relative rankings designated by the shipper or pooler.~~
- ~~(b) — If a pooling transaction chain results in a pool to pool loop (i.e., gas is never scheduled to a transportation service agreement) such pool to pool loops will be scheduled ahead of all other pooling transactions. When loop removal is required, the ordinal ranks of all of the pools in potential loops will be summed and the transaction chain with the highest total will be scheduled as the loop.~~
- ~~(c) — El Paso will assign each remaining potential pooling transaction layer numbers based on the position of such transaction relative to both a Transportation Service Agreement and a physical supply.~~
- ~~(d) — El Paso will determine the priority of the potential transactions or transaction chains within each layer by squaring the ordinal ranks of each pool transaction involved and summing the results for each transaction chain within the layer, taking into account the quantity available for reduction in each such transaction or transaction chain. The combination of transactions or transaction chains with the lowest total value will be considered to have the highest priority and will be scheduled first, subject to the other requirements of El Paso's Tariff.~~

~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
 (Continued)

~~4. SCHEDULING AND CAPACITY ALLOCATION (Continued)~~

~~4.7 Weighting Procedures (Continued)~~

~~(e) In a situation where, due to conflicting priorities and/or the complexity of the transaction chain, all of a shipper's or pooler's priorities cannot be honored simultaneously, El Paso will honor as many of the priorities as possible, based on the requirements of this section. If the situation involves a choice between a shorter and a longer transaction chain within the layer and the situation cannot otherwise be resolved within the scheduling timeline provided in Section 4.1 of this Tariff, El Paso will schedule the shorter transaction chain.~~

~~(f) If El Paso is required to allocate pipeline capacity, El Paso will apply such allocation to physical gas flows rather than pool to pool loops, even if doing so is in conflict with one or more shipper and/or pooler priorities.~~

~~4.8 Access to Topock Delivery Points Pursuant to the Commission's order issued February 26, 2001 at Docket Nos. RP99 507 004, et al., effective April 1, 2001, primary delivery point rights shall be as specified under the firm contracts identified below. All other firm delivery point rights provided under these contracts will be available on an alternate basis only. Changes to these contracts, such as terminations, capacity releases, etc., that occur subsequent to April 1, 2001, will be reported, pursuant to Section 284.13 of the Commission's Regulations, on El Paso's EBB located on its Internet Web site.~~

~~Primary delivery point rights in Mcf/d.~~

| Shipper | TSA No. | Total | California Delivery Points | | | |
|---------------------|---------|---------|----------------------------|-------------|---------------|--------------|
| | | | SoCal Topock | PG&E Topock | Mojave Topock | SoCal Ehren. |
| Aera Energy | 97YK | 20,000 | 7,492 | 0 | 12,508 | 0 |
| BP Energy | 9JA3 | 25,000 | 9,365 | 0 | 0 | 15,635 |
| Burl. Res. | 97YG | 100,000 | 37,459 | 14,026 | 48,515 | 0 |
| Burl. Res. | 97YW | 83,000 | 0 | 0 | 0 | 83,000 |
| City of Los Angeles | 9836 | 36,000 | 13,485 | 0 | 22,515 | 0 |

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~~4. SCHEDULING AND CAPACITY ALLOCATION (Continued)~~

~~4.8 Access to Topock Delivery Points (Continued)~~

~~Primary delivery point rights in Mcf/d.~~

| Shipper | TSA No. | Total | California Delivery Points | | | |
|------------------|------------|-----------|----------------------------|----------------|------------------|-----------------|
| | | | SoCal Topock | PG&E Topock | Mojave Topock | SoCal Ehren. |
| El Paso Merchant | 9LBP | 189,105 | 70,838 | 118,267 | 0 | 0 |
| El Paso Merchant | 9LBM | 452,002 | 74,228 | 105,515 | 0 | 272,259 |
| El Paso Merchant | 9LBN | 579,787 | 0 | 579,787 | 0 | 0 |
| Mission Energy | 97YX | 7,000 | 0 | 0 | 0 | 7,000 |
| ONEOK Energy | 9JA2 | 20,000 | 7,492 | 0 | 0 | 12,508 |
| PG&E Energy | 9LVD | 4,757 | 0 | 0 | 0 | 4,757 |
| PG&E Energy | 9LVF | 21,505 | 0 | 21,505 | 0 | 0 |
| PG&E Energy | 9LVE | 14,663 | 0 | 0 | 0 | 14,663 |
| Reliant | 9LY5 | 130,000 | 0 | 0 | 0 | 130,000 |
| Saguaro Power | 97YE | 20,000 | 7,492 | 12,508 | 0 | 0 |
| San Diego | 9844 | 10,000 | 0 | 0 | 0 | 10,000 |
| SoCalGas | 97VF | 1,150,000 | 202,281 | 157,407 | 130,134 | 660,178 |
| Texaco | 97YF | 175,000 | 65,554 | 56,173 | 53,273 | 0 |
| Tractebel | 9LNG | 12,708 | 0 | 12,708 | 0 | 0 |
| U.S. Borax | 97YH | 19,000 | 7,117 | 0 | 11,883 | 0 |
| Williams Energy | 9KZR | 99,301 | 37,197 | 62,104 | 0 | 0 |
| Totals | | | 540,000 | 1,140,000 | 278,828 | 1,210,000 |

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~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
~~(Continued)~~

~~4. SCHEDULING AND CAPACITY ALLOCATION (Continued)~~

~~4.9 CALIFORNIA RECEIPT SERVICE~~

~~Effective September 1, 2003, El Paso will offer primary and alternate firm Rate Schedule FT 1 and FT 2 transportation service from all Topock points (Pacific Gas and Electric Topock, Mojave Topock, and Southern California Gas Topock), excluding SWG Topock, and from all Ehrenberg points (Southern California Gas Ehrenberg and North Baja Pipeline) using backhaul displacement. Rate Schedule IT 1 transportation service will also be available from such points.~~

- ~~(a) Existing Rate Schedule FT 1 and FT 2 Shippers may request to re designate existing primary receipt point rights to a primary California receipt point by providing written notice to El Paso. El Paso will grant such requests pursuant to the conditions of Section 20.13(c) of this Tariff. Access to California receipt points is available to all Rate Schedule FT 1 and FT 2 Shippers notwithstanding the flow path order requirements stated in Section 20.13(b).~~
- ~~(b) Rate Schedule FT 1 and FT 2 Shippers may nominate the California receipt points on an alternate basis using their existing TSAs. Rate Schedule IT 1 Shippers may request a new interruptible TSA for this service by using the request procedures of Section 23 of the Tariff.~~
- ~~(c) Shippers, other than New Shippers (as defined in Section 4.9(d) below) will not be assessed the Out of Zone Daily Reservation Charge for California Receipt Service during the remaining term of the rate case settlement at Docket No. RP95-363-000. The provisions of Section 20.14 shall not expand the application of the charges provided for in this section.~~
- ~~(d) New Shippers may request this service through the request procedures of Section 23 of the Tariff and will pay the appropriate rate stated on the Statement of Rates sheets. For purposes of this section, a New Shipper is any Shipper entering a contract after November 1, 2002, except for Shippers executing a replacement contract as a result of the reallocation of capacity rights in the Docket No. RP00-336-002 proceeding, replacement Shippers under capacity release or assignment, Shippers exercising evergreen or rollover rights in their contracts, and Shippers exercising their right of first refusal. On such days when alternate California Receipt Service is rendered, New Shippers using this service will also pay an Out of Zone Daily Reservation Charge equal to the California Daily Reservation Rate, unless El Paso agrees to~~

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~~4. SCHEDULING AND CAPACITY ALLOCATION (Continued)~~

~~4.9 CALIFORNIA RECEIPT SERVICE (Continued)~~

~~discount such rate(s) on quantities received at the California receipt points. Service to New Shippers shall be available only if that service will not adversely affect service to existing Shippers (i.e., is not subject to a prior claim).~~

~~(e) No fuel will be charged for the California Receipt Service when such service is effectuated by backhaul displacement. When El Paso consumes fuel to provide California Receipt Service, Shipper shall pay the Forward Haul Fuel Charge set forth in the applicable Statement of Rates Sheet.~~

~~(f) California Receipt Service shall be provided only when it is operationally feasible.~~

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~~4. SCHEDULING AND CAPACITY ALLOCATION (Continued)~~

~~4.10 RESERVED~~

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~~4. SCHEDULING AND CAPACITY ALLOCATION (Continued)~~

~~4.11 Bounce at the California Border Transactions ("Bounce Transactions") — A Bounce Transaction is available to any Shipper with an executed Rate Schedule IT-1 or FT-1 Transportation Service Agreement ("TSA") under the following conditions and procedures.~~

~~(a) Operation of Bounce Transactions:~~

~~(i) For each Bounce nomination submitted, the first leg of the Bounce Transaction must involve gas quantities obtained from a San Juan Basin, Permian Basin or Anadarko Basin receipt point or supply pool and scheduled for delivery to a single California delivery point (SoCalGas, Pacific Gas and Electric, Mojave or North Baja Pipeline).~~

~~(ii) For each Bounce nomination submitted, the second leg(s) of the Bounce Transaction must involve gas received from the first leg at the same California point either through the same TSA or one other TSA and scheduled to be delivered to another California or East of California delivery point.~~

~~(b) Conditions for Bounce Transactions:~~

~~(i) Subject to the other conditions of this Section 4:~~

~~1. Any receipt point or supply pool is available for the first leg of a Bounce Transaction.~~

~~2. The delivery point on the first leg and the receipt point on the second leg(s) must be the same California point (Bounce Point).~~

~~3. The delivery point on the second leg may not be the Bounce Point.~~

~~(ii) Gas quantities may be bounced only once.~~

~~(iii) Transportation Service for each leg of the Bounce Transaction will be provided in accordance with the applicable TSA and Rate Schedule.~~

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~~4. SCHEDULING AND CAPACITY ALLOCATION (Continued)~~

~~4.11 Bounce at the California Border Transactions ("Bounce Transactions") (continued)~~

- ~~(iv) Service on the second leg(s) of the Bounce Transaction will be provided pursuant to the applicable provisions of Section 4.9 (California Receipt Service).~~
 - ~~(v) The applicable usage charges will be assessed for each leg of the Bounce Transaction.~~
 - ~~(vi) For purposes of applying the rate provisions in Section 4.9(d), if both legs of the Bounce Transaction involve service using a single Rate Schedule FT-1-TSA, the service will be subject to the Out-of-Zone Daily Reservation Charge described in Section 1.16 of this Tariff. As such, Shipper will pay a reservation charge that is equal to the higher of the reservation rate applicable to that Shipper's deliveries to the California point or the maximum reservation rate applicable to the delivery zone for the second leg of the Bounce Transaction.~~
 - ~~(vii) If El Paso cannot schedule all or a portion of a Bounce Transaction, only the first leg of the transaction is eligible for reservation charge credits.~~
 - ~~(viii) Notwithstanding the provisions of Section 4.9(e), no fuel will be assessed on the second leg of a Bounce Transaction if forward haul fuel has been assessed on the first leg of such transaction.~~
- ~~(c) Scheduling Process for Bounce Transactions:~~
- ~~(i) Shippers submitting nominations for the first and second legs must indicate their participation in a Bounce Transaction. Separate nominations must be submitted for each leg of such transaction and, if both legs are scheduled on a single TSA, the sum of both nominations will be used to determine the total capacity usage under the TSA.~~
 - ~~(ii) No confirmation from the Bounce Point Operator will be required for the Bounce Transaction. El Paso will provide a self confirmation for the first and second legs at the Bounce Point.~~

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~~4. SCHEDULING AND CAPACITY ALLOCATION (Continued)~~

~~4.11 Bounce at the California Border Transactions ("Bounce Transactions") (continued)~~

- ~~(iii) The Bounce Transaction does not have a separate scheduling priority. Each leg of the transaction will be scheduled based on the priorities of the TSA under which each leg was nominated for service.~~
- ~~(iv) Bounce Transactions may be scheduled in all nomination cycles.~~

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~~(CONTINUED)~~

~~4.12 Block II Recall Provisions to be in effect from the effective date of the Western Energy Settlement through December 31, 2005. The Block II capacity that is subject to recall under these procedures is defined in Section 4.5(b)(ii) of this Tariff and consists of 614 MMcf/day of turned back capacity.~~

~~(a) Conditions Precedent to Effectuating a Recall~~

~~(i) The Shipper requesting a recall of Block II capacity must enter into a new firm Transportation Service Agreement ("TSA") with El Paso for unsubscribed Block II capacity up to the volume of capacity required by such Shipper before El Paso will effectuate a recall of subscribed Block II capacity. The term of the TSA will be the term specified for the recall by the Shipper requesting the recall.~~

~~(ii) On the day the recall becomes effective, the Shipper requesting the recall must attempt to nominate all Block II capacity it had under contract prior to the effective date of the recall.~~

~~(b) Posting of Block II Capacity Information — El Paso will make available on its website, at the conclusion of each scheduling cycle described in Section 4.1 of this Tariff, information identifying the Block II capacity contract holders, their rates, and the volume of gas that each has scheduled to a "non PG&E TOPOCK" Delivery Point during that cycle. The posting shall appear in the "Informational Postings, Capacity" section of the website under a new sub section entitled "Block II Capacity".~~

~~(c) Notice Requirements for Block II Recall~~

~~(i) The first 350 MMcf/d of Block II capacity is subject to recall upon 48 hours notice given at any time.~~

~~(ii) The next 150 MMcf/d of Block II capacity is subject to recall within one month upon notice given not less than 72 hours prior to the first of the month in which the recall will be effectuated.~~

~~(iii) The final 114 MMcf/d of Block II capacity is subject to recall within three months upon notice given not less than 72 hours prior to the first of the month in which the recall will be effectuated.~~

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~~Section 4.12 (continued)~~

- ~~(d) Block II Recall Request Requirement — El Paso will process a request for recall only upon receipt of a written request from a party desiring to serve a market in PG&E's service territory. Such written request can be received at the designated site by regular mail, fax or electronic mail. The written request must include:~~
- ~~(i) The volume requested for recall.~~
 - ~~(ii) The desired term including the beginning and ending date of such recall.~~
- ~~(e) Determining the Sequence of Block II Capacity Subject to Recall — Upon receipt by El Paso of a valid written request to recall Block II capacity, El Paso will first notify Shipper if there is any unsubscribed capacity that can serve the Shipper's need as required in Section 4.12(a)(i) of this Tariff. If the request can not be satisfied in total by the purchase of unsubscribed capacity, any Block II capacity that has been marketed to a non-PG&E Topock Delivery Point is subject to recall except during the time such capacity is being used to serve markets in PG&E's service territory. El Paso will recall capacity from the following categories according to the following sequence:~~
- ~~(i) Unused (i.e., not scheduled) capacity under any Block II contracts with primary delivery point rights to non-PG&E Topock Delivery Points. The recall request will be filled on a pro-rata basis from all Shippers meeting these criteria.~~
 - ~~(ii) Used (i.e., scheduled) capacity under any Block II Topock contracts where the quantity scheduled is to a non-PG&E alternate Delivery Point and where the primary Delivery Point under the contract is to PG&E Topock. The recall request will be filled on a pro-rata basis from all Shippers meeting these criteria.~~
 - ~~(iii) Used (i.e., scheduled) capacity under any Block II contracts other than those falling under Section 4.12(e)(ii) above where the quantity scheduled is to a non-PG&E Topock Delivery Point. The recall request will be filled on a pro-rata basis from all Shippers meeting these criteria.~~

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~~Section 4.12 (continued)~~

- ~~(f) Rate to be Paid for Recall of Block II Capacity — For recall periods of one month or less, the recalling Block II Shipper agrees to pay the maximum reservation Tariff rate for deliveries to the California zone. For recall periods of longer than one month, the rate paid shall be equal to the rate paid by the Shipper whose capacity is being recalled. When the capacity being recalled is held by converted Full Requirements Shipper(s), the rate to be paid by the recalling Shipper shall be the Effective Unit Rate(s) for capacity for the converted Full Requirements Shipper(s) as stated in Section 9 of Rate Schedule FT 1. The Effective Unit Rates displayed in that Section of the Tariff have been determined by dividing the annual cost responsibility of each converted Full Requirements Shipper by the aggregate annual Contract Demand, both as determined in the Docket No. RP00-336 proceeding. In the event an extension of the recall period is requested pursuant to Section 4.12(i), the rate payable during the extension period shall be the rate paid during the initial recall period.~~
- ~~(g) Notification of Ability to Fulfill Recall Request — El Paso will provide a written response to the recalling Block II Shipper describing whether its request can be fulfilled and specifying the capacity that is recallable and how the request is being evaluated by El Paso. El Paso will provide the response to the request on the following time schedule:~~
- ~~(i) For a request received by 10:00 a.m., Pacific Clock Time ("PCT") on a business day, a response will be provided no later than 3:00 p.m. PCT on the same business day.~~
- ~~(ii) For a request received after 10:00 a.m. PCT on a business day, a response will be provided by 7:00 a.m. PCT the following business day.~~
- ~~(iii) For a request received on a weekend or holiday, a response will be provided by noon PCT on the next business day.~~

~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
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~~Section 4.12 (continued)~~

- ~~(h) Coordination with the Capacity Release System — After notification to the recalling Block II Shipper, El Paso will use the capacity release system described in Section 28.14 of the Tariff to provide notice of the recall. The recall of Block II capacity will be treated as a pre arranged release with no open season requirement. The parties from whom the capacity is recalled will have their contracts reduced by the recalled amount through the capacity release system. When the recall term has expired, the capacity will be returned to the original holder(s) of the Block II capacity.~~
- ~~(i) Extension of a Recall.~~
- ~~(i) For recalls of less than one month, the term of the recall can be extended by the recalling Shipper by providing El Paso notice of such request to extend no less than 48 hours prior to the expiration of the current recall term.~~
- ~~(ii) For recalls with a term of one month or longer, the term of a recall can be extended by the recalling Shipper by providing El Paso notice of such request to extend no less than ten days prior to the expiration of the current recall term.~~
- ~~(j) Block II Re Recall Rights — The Shipper from whom the capacity was recalled can re recall the capacity at the beginning of a gas day on 24 hours written notice to El Paso by fax or e mail, providing the original Shipper is re recalling the capacity to serve a market in PG&E's service territory.~~

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5. QUALITY

- 5.1 ~~All~~ General Specifications. Unless otherwise provided in Sections 5.2 and/or 5.3 below, Shipper warrants that all natural gas received by El Paso at any mainline ~~Receipt Point~~ receipt point(s) shall conform to the following specifications and must be, in El Paso's reasonable judgment, otherwise merchantable:
- (a) Liquids - The gas shall be free of water and hydrocarbons in liquid form at the temperature and pressure at which the gas is received. The gas shall in no event contain water vapor in excess of seven (7) pounds per million standard cubic feet.
 - (b) Hydrocarbon Dew Point - The hydrocarbon dew point of the gas received shall not exceed twenty degrees Fahrenheit (20°F) at normal pipeline operating pressures.
 - (c) Total Sulfur - The gas shall not contain more than five (5) grains of total sulfur ~~per one hundred (100) standard cubic feet~~, which includes hydrogen sulfide, carbonyl sulfide, carbon disulfide, mercaptans, and mono-, di- and poly-sulfides, per one hundred (100) standard cubic feet. The gas shall also meet the following individual specifications for hydrogen sulfide, mercaptan sulfur or organic sulfur:
 - (i) Hydrogen Sulfide - The gas shall not contain more than one-quarter (0.25) grain of hydrogen sulfide per one hundred (100) standard cubic feet.
 - (ii) Mercaptan Sulfur - The mercaptan sulfur content shall not exceed more than three-quarters (0.75) grain per one hundred (100) standard cubic feet.
 - (iii) Organic Sulfur - The organic sulfur content shall not exceed one and one-quarter (1.25) grains per one hundred (100) standard cubic feet, which includes mercaptans, mono-, di- and poly-sulfides, but it does not include hydrogen sulfide, carbonyl sulfide or carbon disulfide.
 - (d) Oxygen - The oxygen content shall not exceed two-tenths of one percent (0.2%) by volume and every reasonable effort shall be made to keep the gas delivered free of oxygen.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

5. QUALITY (Continued)

5.1 (Continued)

- (e) Carbon Dioxide - The gas shall not have a carbon dioxide content in excess of two percent (2%) by volume, except for gas ~~applicable to~~ acceptable under Sections 5.2 and 5.3.
- (f) Diluents - The gas shall not at any time contain in excess of three percent (3%) total diluents (the total combined carbon dioxide, nitrogen, helium, oxygen, and any other diluent compound) by volume, except for gas ~~applicable to~~ acceptable under Sections 5.2 and 5.3.
- (g) Dust, Gums and Solid Matter - The gas shall be commercially free of dust, gums and other solid matter.
- (h) Heating Value - The gas shall have a heating value of not less than 967 Btu per cubic foot.
- (i) Temperature - The gas received by El Paso shall be at temperatures not in excess of one hundred twenty degrees Fahrenheit (120°F) nor less than fifty degrees Fahrenheit (50°F). Any party tendering gas at a temperature standard less than fifty degrees Fahrenheit (50°F) shall receive a waiver of such standard only if a test has been conducted in accordance with procedures set forth in Section 5.12(b) hereof and the results from such test demonstrate that the particular segment of the pipeline tested can be safely operated below the fifty degrees Fahrenheit (50°F) temperature standard.
- (j) Deleterious Substances - The gas shall not contain deleterious substances in concentrations that are hazardous to health, injurious to pipeline facilities or adversely affect merchantability.

~~5.2 El Paso agrees that plant Receipt Points on El Paso's system, where gas does not conform to the carbon dioxide and/or the total diluent specification set forth in Sections 5.1(e) and (f) above, shall be grandfathered based on the highest non-conforming monthly average percentages of carbon dioxide and total diluents for a month during the twelve (12) month base period ended July 31, 1990. El Paso shall accept gas with carbon dioxide and/or total diluents at percentages up to the non-conforming specifications at~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

5. QUALITY (Continued)

~~5.2 (Continued)~~

~~volumes up to the residue volume at the plant design capacity as it exists on July 31, 1990;~~ 5.2 Grandfathered Receipts. El Paso agrees that at certain grandfathered plant receipt points and interconnect points on El Paso's system described below, where gas does not conform to the carbon dioxide and/or the total diluent specification set forth in Sections 5.1(e) and (f) above, gas shall be received according to the provisions of this Section 5.2 which are based on the highest non-conforming monthly average percentages of carbon dioxide and total diluents for a month during the twelve (12) month base period ended July 31, 1990. Under this Section 5.2:

- (a) El Paso shall accept gas with carbon dioxide and/or total diluents at percentages up to the non-conforming specifications at volumes up to the residue volume at the plant design capacity or historical interconnect volumes, as such existed on July 31, 1990, provided, however, that to the extent El Paso must curtail non-conforming volumes to meet El Paso's delivery point specifications for carbon dioxide and/or total diluents, El Paso shall curtail volumes at these plants down to 125% of historical volumes in accordance with Section 5.5.
- (b) Historical volumes for non-conforming plants shall be deemed to be the daily average for the highest monthly tailgate volume delivered to El Paso during the twelve (12) month base period ended July 31, 1990 and in the event a non-conforming plant or plants are closed, El Paso shall transfer the applicable historical volumes to another plant. To the extent a Shipper and/or a plant operator can demonstrate to El Paso that the specifications and/or historical volumes set forth below are in error or that any other plant located on El Paso's system has not historically met the carbon dioxide and the total diluents specifications set forth in Sections 5.1(e) and (f) above, El Paso shall either modify accordingly these specifications and/or historical volumes set forth below or grandfather such other plants on owned by the same basis as the plants identified above, as appropriate. party.
- (c) The identification of the non-conforming plants, the grandfathered specifications and the historical volumes are set forth on the table below.

NON-CONFORMING PLANTS

GRANDFATHERED
SPECIFICATIONS

HISTORICAL

| LOCATION | METER CODE | CO2 MOL % | TOTAL DILUENTS MOL% | VOLUME (MCF/D) |
|--|-------------------|-----------|------------------------|-------------------|
| Amoco -Slaughter Plant (IAMSLAUG) | 77-039 | - | 11.89 | 6,915 |
| Barnhart Plant (J.L. Davis) (IBARNHRT) | 77-002 | - | 3.55 | 6,149 |
| Big Lake Texon Plant (Damsen Oil Corp.) (ITEXON) | 77-055 | - | 9.67 | 2,362 |
| Chevron -Puckett Plant (IPUCKETT) | 14-261 | 3.55 | 4.09 | 37,390 |
| Conoco Ramsey Plant (IRAMSEY) | 77-095 | | 6.38 | 4,579 |

TRANSPORTATION GENERAL TERMS AND CONDITIONS
 (Continued)

5. QUALITY (Continued)

5.2(c) (Continued)

NON-CONFORMING PLANTS
 (CONTINUED)

| LOCATION | METER CODE | GRANDFATHERED SPECIFICATIONS | | TOTAL DILUENTS MOL% | HISTORICAL VOLUME (MCF/D) |
|--|---------------|---------------------------------|-------|------------------------|---------------------------------|
| | | CO2 | MOL % | | |
| Exxon -Snyder Plant (Oryx Energy) (IEXSNYDR) | 77-009 | - | | 7.42 | 696 |
| Jal Complex (IJALCPLX) | 01-814 | - | | 4.31 | 28,518 |
| Jameson Plant (Oryx Energy) (ISUNJAME) | 77-078 | - | | 7.02 | 2,823 |
| Meridian -Benedum Plant (MOH) (IHYBENDM) | 02-304 | - | | 3.18 | 75,585 |
| Midkiff Plant (IMIDKIFF) | 01-079 | - | | 4.95 | 39,371 |
| Midway Lane Plant (Apache Gas Corporation) (IMIDWAY) | 03-933 | - | | 4.45 | 4,617 |
| Permian Corp. CPD #2 (IPERTOD2) | 14-082 | - | | 6.03 | 6,620 |
| Phillips -Goldsmith Plant (IPHGOLDS) | 02-381 | - | | 5.23 | 62,267 |
| Phillips -Lee Plant (IPHLEE) | 77-025 | - | | 7.34 | 27,484 |
| Phillips -Eunice Plant (IPHEUNIC) | 77-287 | - | | 5.15 | 57,672 |
| Phillips -Fullerton Plant (IPHFULTN) | 77-289 | - | | 6.18 | 28,200 |
| Phillips -Spraberry Plant (IPHSPBRY) | 77-248 | - | | 4.64 | 11,277 |
| San Juan River Plant (ISJRVPLT) | 01-125 | - | | 4.35 | 32,827 |
| Shell -TXL Plant (ISHTXL) | 77-029 | - | | 6.17 | 12,054 |
| Shell -Wasson Plant (ISHWASON) | 01-106 | - | | 5.98 | 8,682 |
| Terrell Plant (ITERRELL) | 01-596 | 2.89 | | 4.53 | 102,708 |

TRANSPORTATION GENERAL TERMS AND CONDITIONS
 (Continued)

5. QUALITY (Continued)

5.2(c) (Continued)

| LOCATION | METER CODE | NON-CONFORMING PLANTS (CONTINUED) | | GRANDFATHERED SPECIFICATIONS | | HISTORICAL VOLUME (MCF/D) |
|---|-------------------|--------------------------------------|------------------------|---------------------------------|------------------|---------------------------------|
| | | CO2 MOL % | TOTAL DILUENTS MOL% | | | |
| Texaco Fuller Plant (ITEXFULR) | 77-036 | - | 7.66 | | 661 | |
| Texaco Vealmoor Plant (IVEALMOR) | 77-028 | - | 6.32 | | 10,204 | |
| Tipperary Denton Plant (J.L. Davis)(IDENTON) | 77-001 | - | 5.02 | | 2,554 | |
| Union of California Dollarhide Plant (IUTDOLHD) | 77-027 | | 6.42 | | 2,056 | |
| Union Texas Perkins Plant (IUTPERKN) | 77-068 | - | 10.19 | | 9,178 | |
| Val Verde Plant (IMOITRKA) | 14-136 | 2.13 | - | | 195,985 | |
| Warren Monument Plant (IWARMONU) | 77-045 | - | 4.04 | | 31,576 | |
| Warren Saunders Plant (IWARSAUD) | 77-046 | - | 5.75 | | 12,421 | |

~~5.3 El Paso agrees that interconnect Receipt Points on El Paso's system, where gas does not conform to the carbon dioxide and/or the total diluent specification set forth in Sections 5.1(e) and (f) above, shall be grandfathered based on the twelve (12) month average non conforming percentages of carbon dioxide and total diluents for the twelve (12) month base period ended July 31, 1990. El Paso shall accept gas with carbon dioxide and/or total diluents at percentages up to the grandfathered non conforming specifications at volumes up to the historical volume. The historical volume is deemed to be the daily average volume received by El Paso at each of the non conforming interconnect Receipt Points for the twelve (12) month base period ended July 31, 1990. The identification of the non conforming interconnects, the grandfathered specifications and the historical volumes are set forth on the following table:~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
 (Continued)

5. QUALITY (Continued)

5.2 (d) The identification of the non-conforming interconnects, the grandfathered specifications and the historical volumes are set forth on the table below.

~~5.3 (Continued)~~

NON-CONFORMING INTERCONNECTS

| LOCATION | TOTAL METER CODE | HISTORICAL CO2 MOL % | DILUENTS MOL% | VOLUME (MCF/D) |
|--|------------------------|----------------------------|------------------|-------------------|
| Big Blue Receipt Point (Colorado Interstate) | | | | |
| (IBIGBLUE) | 14-091 | - | 9.50 | 11,900 |
| Colorado-Ignacio Dry Gas | | | | |
| (ICOLODRY) | <u>01-127</u> | 3.13 | 3.22 | 37,595 |
| Howe Ranch Discharge | | | | |
| (Meridian) | 02-721 | 4.12 | 5.20 | 3,480 |
| Northern Natural Plains (INN30PLA) | 40-01 <u>89</u> | - | 4.22 | 111,072 |
| Plains Compressor (Westar-Felmac) (IW40-043) | 40-043 | - | 4.50 | 8,464 |

~~5.4 (e) In addition, El Paso agrees to accept, on a grandfathered basis, gas that does not conform to the sulfur specifications set forth in Section 5.1(c) above for natural gas received at the tailgate of the Terrell ~~and Puckett Plants~~ Plant, based on the actual monthly highest non-conforming concentrations during the twelve (12) month base period ending July 31, 1990. The sulfur specifications El Paso shall accept for natural gas at volumes up to the residue volume at plant design capacity received at the tailgate of the ~~Terrell and Puckett Plants~~ are plant is identified below. ~~To the extent a Shipper can demonstrate to El Paso that any other plant located on El Paso's system has not historically met the sulfur specifications set forth in Section 5.1(c) above, El Paso shall grandfather such plant on the same basis as the Terrell and Puckett Plants; provided, however, a plant shall not qualify if such plant has changed the method of processing the gas in the last five (5) years.~~~~

Grandfathered Non-conforming Sulfur Specifications
 (grains per 100 standard cubic feet)

| TOTAL | HYDROGEN | MERCAPTAN | ORGANIC | <u>HISTORICAL</u> <u>VOLUME</u> |
|-------|----------|-----------|---------|------------------------------------|
|-------|----------|-----------|---------|------------------------------------|

| LOCATION | SULFUR | SULFIDE | SULFUR | SULFUR | <u>(MCF/D)</u> |
|--------------------------|--------|-----------------|--------|--------|----------------|
| Terrell Plant | _____ | 0.45 | _____ | _____ | <u>102,708</u> |
| Puckett Plant | _____ | 0.45 | _____ | _____ | _____ |

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

5. QUALITY (Continued)

~~5.5 El Paso agrees to accept natural gas (including volumes in excess of the volumes identified in Sections 5.2 and 5.3) which does not conform to the quality specifications set forth in Sections 5.1(e) and (f) at the Receipt Point(s), but only until such time as El Paso, in its reasonable discretion and judgement, determines that such natural gas must conform to the quality specifications set forth above to maintain prudent operation of part or all of El Paso's system. In exercising its discretion to discontinue accepting nonconforming natural gas under this Section, El Paso will consider only the volume, compositions and location of the gas, and the impact of its continued introduction into El Paso's system on El Paso's operations and an ability to meet its obligations to third parties, and will appropriately document the basis for its decision. Upon determining that it will no longer accept non conforming volumes, El Paso will notify Shippers and/or plant operators that all prospective deliveries must comply with the quality specifications set forth above and that the provisions of Section 5.8 below shall be applicable to all natural gas tendered for transportation which does not so comply. In the event the aforementioned occurrences cause El Paso to curtail volumes at plant and/or interconnect Receipt Points such curtailment shall exclude those plant and/or interconnect volumes identified in Sections 5.2 and 5.3, provided, however, if El Paso determines that it must further curtail volumes of non conforming gas to meet El Paso's delivery specifications for carbon dioxide and/or total diluents, El Paso shall curtail volumes down to 125% of the historical volumes for those plants identified in Section 5.2 on the following basis:~~

- ~~(a) First, volumes of natural gas that did not meet the 967 Btu standard would be curtailed in order of lowest Btu to highest down to the level of 125% of historical volumes;~~
- ~~(b) Second, plants with pipeline interconnects in addition to El Paso would be curtailed down to the level of 125% of historical volumes on a pro rata basis; and~~
- ~~(c) Third, all other volumes would be curtailed on a pro rata basis, based on a percentage of such volumes that are out of compliance as to the particular substance that is causing the problem, down to 125% of historical volumes.~~

5.3 Specification Exemptions. El Paso, in its reasonable discretion and judgment, may accept gas that does not conform to the quality specifications in Section 5.1 or 5.2 but meets the conditions set forth below, provided that El Paso determines that such acceptance will not interfere with its ability to: (1) maintain prudent and

safe operation of El Paso's pipeline system and any related storage facility; (2) ensure that such gas does not affect El Paso's ability to provide service to others; and (3) ensure that such gas does not adversely affect El Paso's ability to deliver gas at its delivery points.

- (a) El Paso may accept gas that exceed the total diluent specifications set forth in Sections 5.1(f) and 5.10(f), for both receipts and deliveries on the Snyder Line System (Line Nos. 1109, 1122, 3102, 3110, and 3186) located in Scurry, Borden and Howard Counties, Texas, provided (i) the system remains a closed system with no deliveries into the mainline and (ii) the gas meets all other gas quality specifications set forth in Section 5.1.
- (b) El Paso may accept gas with total diluents not exceeding 4% (four percent) for receipts in the Keystone, Plains and Waha areas, provided (i) the Btu content of such gas is not less than 1000 BTU/cubic feet; (ii) the gas meets the other gas quality specifications set forth in Section 5.1; (iii) that the Shipper or Operator has installed an online chromatograph and any required appurtenances to monitor the gas quality; and (iv) the Shipper or Operator has provided El Paso with written notice of its intent to deliver gas pursuant to this exemption.
- (c) El Paso may accept any gas that does not meet the specifications set forth in Section 5.1 or 5.2 on a short-term basis for operational reasons which may include plant start-ups, plant upsets, or line freeze-offs.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

5. QUALITY (Continued)

~~5.5 (Continued)~~

~~Based on the curtailment procedure as documented above, El Paso will determine the volume of gas, not to be less than 125% of historical volumes, that will be allowed to enter El Paso's system at the grandfathered carbon dioxide and/or total diluent specifications for each non conforming plant and will notify the plant operator of such volumes. Following such initial notification to plant operators, El Paso shall provide a written notice accompanied by a verification of non compliance and provide audit rights to all affected Shippers and operators, in order to ensure compliance with the above curtailment procedures.~~

5.4 Waiver of Quality Specifications. El Paso, in its reasonable discretion and judgment, may waive one or more of its gas quality specifications at any receipt point to accept gas that does not conform to the quality specifications set forth in Section 5.1 or 5.2, if El Paso determines that such acceptance will not interfere with its ability to: (1) maintain prudent and safe operation of El Paso's pipeline system and storage facilities; (2) ensure that such gas does not adversely affect El Paso's ability to operate its system; and (3) ensure that such gas does not adversely affect El Paso's ability to deliver gas at its delivery points.

5.5 This Section Reserved.

5.6 This Section reserved.

5.7 This Section reserved.

~~(THIS SPACE INTENTIONALLY LEFT BLANK)~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

5. QUALITY (Continued)

- 5.8 Failure to Meet Specifications. If, at any time, gas tendered by Shipper for transportation shall fail to ~~substantially~~ conform to any of the applicable quality specifications set forth in ~~Section~~Sections 5.1 or 5.2 above and El Paso notifies Shipper of such deficiency and Shipper fails to remedy any such deficiency within a reasonable period of time (immediately in those situations which threaten the integrity of El Paso's system), El Paso may, at its option, refuse to accept ~~delivery such gas~~ pending correction of the deficiency by Shipper or, El Paso may continue to accept ~~delivery the receipt of such gas~~ and make such changes as are necessary to cause the gas to conform to such specifications, in which event Shipper shall reimburse El Paso for all reasonable expenses incurred by El Paso in effecting such changes, including operational and gas costs associated with purging and/or ~~venting~~ the ~~pipeline~~. Failure by Shipper to tender quantities that conform to any of the applicable quality specifications shall not be construed to eliminate, or limit in any manner, the obligations of Shipper existing under any other provisions of the ~~executed~~Executed Transportation Service Agreement. In the event natural gas is delivered into El Paso's system that would cause the natural gas in a portion of El Paso's pipeline to become unmerchantable, then El Paso is permitted to act expediently to make the gas merchantable again by any and all reasonable methods, including, without limitation, ~~to~~ venting the pipeline of whatever quantity of natural gas is necessary to achieve a merchantable stream of gas. Shipper shall reimburse El Paso for all reasonable expenses incurred by El Paso to obtain merchantable natural gas again, including operational and gas costs associated with venting the pipeline. In such cases, El Paso shall promptly notify Shipper of the non-conforming supply and any steps taken to protect the merchantability of the gas.
- 5.9 Gas Quality Monitoring Equipment. After giving sufficient notice to a Shipper, El Paso shall have the right to collect from all Shippers delivering gas to El Paso at a common ~~Receipt Point~~receipt point their volumetric pro rata share of the cost of any additional gas quality equipment including hydrogen sulfide analysis and/or water vapor analysis equipment which El Paso, at its reasonable discretion, determines is required to be installed at such ~~Receipt Point~~receipt point to monitor the quality of gas delivered.
- 5.10 Delivery Specifications. Except as otherwise provided below, all natural gas delivered by El Paso shall conform to the following specifications:

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

5. QUALITY (Continued)

5.10 (Continued)

- (f) Diluents - The gas shall not at any time contain in excess of four percent (4%) total diluents (the total combined carbon dioxide, nitrogen, helium, oxygen, and any other diluent compound) by volume.
- (g) Dust, Gums and Solid Matter - The gas shall be commercially free from solid matter, dust, gums, and gum forming constituents, or any other substance which interferes with the intended purpose or merchantability of the gas, or causes interference with the proper and safe operation of the lines, meters, regulators, or other appliances through which it may flow.
- (h) Heating Value - The gas shall have a heating value of not less than 967 Btu per cubic foot. For natural gas delivered at the border between the States of Arizona and California, the gas shall have a heating value of not less than 995 Btu per cubic foot.
- (i) Temperature - The gas shall be delivered at temperatures not in excess of one hundred ~~five~~twenty degrees Fahrenheit (~~105~~120°F) nor less than fifty degrees Fahrenheit (50°F) except ~~where, during those times when~~ due to normal operating conditions and/or seasonal ambient temperatures on or near the pipeline system the temperature may ~~periodically~~ drop below such lower limit.
- (j) Deleterious Substances - The gas shall not contain any toxic or hazardous substance, in concentrations which, in the normal use of the gas, may be hazardous to health, injurious to pipeline facilities or be a limit to merchantability.
- (k) If, at any time, gas tendered for delivery delivered by ~~El Paso~~ shall fail to substantially conform to any of the specifications set forth in this Section 5.10 (a) - (j), Shipper or its designee agrees to notify ~~El Paso~~ of such deficiency and, Shipper, or its designee, may agree to waive El Paso's compliance with its delivery specifications or, if ~~El Paso~~ fails to promptly remedy any such deficiency within a reasonable time, then Shipper or its designee may, at its option, refuse to accept delivery pending correction of the deficiency by ~~El Paso~~ or continue to accept delivery and make such changes as necessary to cause the gas to conform to such specifications, in which event ~~El Paso~~ shall reimburse Shipper or its designee for all

reasonable expenses incurred by Shipper or its designee in effecting such changes.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

5. QUALITY (Continued)

- 5.11 The quality specifications set forth in Section 5.10 above shall not apply to natural gas ~~caused to be delivered by El Paso at delivery points in production areas designated as "Field Gas" on Exhibits A and/or B of an executed Transportation Service Agreement~~ or any delivery point in production areas receiving gas delivered by El Paso on July 31, 1990 that did not meet the quality specifications set forth in Section 5.10 above. Gas so designated shall be of such quality as may exist in the delivering pipeline from time to time at such points and El Paso makes no warranty of merchantability or fitness for any purpose with respect to such gas.
- 5.12 Testing Procedures - The following test procedures shall be utilized by El Paso.
- (a) To determine whether specified sulfur compound limitations are being met as stated under Section 5.1(c), 5.2(e) and 5.10(c) hereof, El Paso shall use the appropriate American Society for Testing Materials Procedures (as revised) Volume 05.05 Gaseous Fuels; Coal and Coke and/or accepted industry practices such as sulfur ~~titrators~~analyzers and chromatographs.
- (b) To determine whether specific points on El Paso's system can operate below the fifty degree Fahrenheit (50°F) tolerance as stated in ~~Section~~Sections 5.1(i) and 5.10(i), El Paso shall use the Charpy impact and drop-weight tear tests in accordance with API-5L Supplemental Requirements 5 and 6, respectively. Inasmuch as this test requires the shutdown of the specific segment of the system being tested, El Paso shall conduct such test only at a time when operations on such segments are not affected or the safety of the system is not put in jeopardy.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

6. BILLING AND PAYMENT (Continued)

6.4 Failure to Pay Bills—~~u~~. Should Shipper fail to pay all of the amount of any bill for gas delivered under the ~~executed~~Executed Transportation Service Agreement when such amount is due, as herein provided, Shipper shall pay El Paso interest on the unpaid balance that shall accrue on each calendar day beginning on the day such payment was due at a rate equal to two percent (2%) above the then effective prime commercial lending rate per annum announced from time to time by The Chase Manhattan Bank (N.A.) at its principal office in New York City, provided that for any period that such interest exceeds any applicable maximum rate permitted by law, the interest shall equal said applicable maximum rate. The interest provided for by this Section 6.4 shall be compounded monthly. Shipper shall submit supporting documentation and El Paso shall apply payment per the supporting documentation supplied by Shipper, except when payment is made by electronic funds transfer (EFT), in which case, the remittance detail is due within two business days of the payment due date (~~GISBNAESB WGO~~ Standard 3.3.17). If payment differs from the amount invoiced, Shipper shall provide remittance detail with the payment. However, unless Shipper provides documentation specifying otherwise, if either principal or interest are due, any payments thereafter received shall first be applied to the interest due, then to the previously outstanding principal due and, lastly, to the most current principal due. Shipper shall not be required to pay interest of less than \$100.

6.5 Termination of service. Subject to requirements of regulatory bodies having jurisdiction and without prejudice to any other rights and remedies available to El Paso under the law and the ~~executed~~Executed Transportation Service Agreement, El Paso shall have the right to ~~suspend~~terminate transportation ~~services~~service using the following notification procedures without obtaining additional prior approval from the Commission if any amount billed to Shipper remains unpaid for more than thirty (30) days after the due date thereof; ~~provided, however, prior to suspension El Paso shall follow these notification procedures.~~ If the defaulting Shipper has released a portion of its capacity, then El Paso shall also comply with the requirements of Section 28.26.

~~(a) First Notice: On or about ten (10) days after the due date of any payment, El Paso shall contact Shipper by telephone or other routine communication means to advise that unpaid bills may lead to suspension of transportation service when more than thirty (30) days past due;~~

~~(b) Second Notice: On or about twenty (20) days after the due date of any payment, El Paso shall notify Shipper by written~~

~~correspondence to advise that continued failure to pay bills
can lead to suspension of transportation service when the
bill becomes more than thirty (30) days past due;~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

6. BILLING AND PAYMENT (Continued)

6.5 Termination of Service (Continued)

- (a) First Notice: On or about ten Days after the due date of any payment, El Paso shall provide written notice to the defaulting Shipper and to the FERC that service may be terminated in 30 Days unless payment is received;
- (b) Second Notice: On or about 20 Days after the due date of any payment, El Paso shall provide written notice to the defaulting Shipper that service may be terminated in 20 Days unless payment is received;
- (c) Final Notice: On or about 30 Days after the due date of any payment, El Paso shall provide written notice to the defaulting Shipper that service will be terminated unless payment is received within ten Days.
- (d) If a defaulting Shipper's service is terminated under a TSA, such Shipper shall compensate El Paso for any difference between the revenues due El Paso for the remaining contract term under the terminated TSA and the revenues to be received under a replacement TSA, if any, entered into with another Shipper to replace the terminated TSA.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

6. BILLING AND PAYMENT (Continued)

~~6.4 Failure~~ 6 In the event of a bona fide dispute between the parties concerning the amount of an invoice submitted to Pay Bills (Continued)

~~(c) Final Notice: Not less than five (5) days prior to the thirtieth (30th) day after the due date of any payment or five (5) days before a Shipper, El Paso intends to suspend service under this Section 6.4, if such suspension will occur more than thirty (30) days after the due date, El Paso shall inform the Commission, interested State utility regulators, and Shipper in writing and delivered by any reliable and expeditious means available, that transportation service shall be suspended;~~

~~provided further, however, that in the event of a bona fide dispute between the parties concerning the amount billed of the unpaid bill, El Paso shall not suspend~~ terminate transportation service under the notification procedure outlined above when Shipper acts in a timely manner to provide additional information and security for El Paso in accordance with the following procedures.

~~(da) Identify Dispute: Within fifteen (15) days after the due date of any payment, Shipper shall notify El Paso by written correspondence of the amount billed that is in bona fide dispute and of all reasons and documentation supporting statements as to why Shipper believes full payment is not now appropriate; and~~

~~(eb) Payment Security: Within thirty (30) days after the due date of any payment, Shipper shall either pay in full the total amount billed without prejudice to Shipper's rights to dispute all or part of said amount and subject to return by El Paso of funds paid which are part of the disputed amount so identified, with interest calculated in accordance with this Section Section 6.4, after resolution of that dispute in favor of Shipper, or pay the undisputed portion of the amount billed in full and furnish documentation identifying the basis for the dispute. Shipper shall furnish good and sufficient surety bond, guaranteeing payment to El Paso of all amounts ultimately found due after resolution of the dispute, including the amount now in dispute plus the estimated interest calculated in accordance with this Section 6.4 that accrues until resolution of the dispute, which may be reached either by agreement or judgment of a court of competent jurisdiction; provided, however, neither El Paso nor Shipper shall~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

6. BILLING AND PAYMENT (Continued)

~~6.4 Failure to Pay Bills~~6 (b) Payment Security (Continued)

calculate or pay interest on any billed amounts of less than \$10,000. If resolution of the dispute is in favor of Shipper and the Shipper furnished a surety bond instead of paying the disputed amount, then El Paso shall refund to Shipper the costs incurred in securing that surety bond for this dispute. This section does not apply to ordinary adjustments of overcharges and undercharges in accordance with Section 6.~~5~~7.

6.~~5~~7 Adjustment of Overcharge and Undercharge—7. If it shall be found that at any time or times, within the time limits of Section 6.~~7~~8 below, Shipper has been overcharged or undercharged in any form whatsoever under the provisions hereof as a result of an error in billing for which El Paso is solely responsible and Shipper shall have actually paid the bill containing such overcharge or undercharge, then, unless mutually agreed otherwise, within thirty (30) days after the final determination thereof, and except where otherwise required by statute, rule, regulation or order, El Paso shall refund the amount of any such overcharge, with interest thereon at the then effective rate computed in the same manner as set forth in Section 6.4 above, and Shipper shall pay the amount of any such undercharge, with interest thereon at the then effective rate computed in the same manner as set forth in Section 6.4 above. ~~Interest on overcharges or undercharges shall be calculated from the time such overcharge or undercharge was paid to the date of refund or payment, respectively; provided, however, neither El Paso nor Shipper shall calculate or pay interest on any amounts of less than \$10,000. This section does not apply to payments subject to a billing dispute in accordance with Section 6.4.~~

~~6.6 This Section reserved.~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

6. BILLING AND PAYMENT (Continued)

~~6.7~~ 8 Adjustment of Errors—8 In the event an error is discovered in any invoice that El Paso renders, such error shall be adjusted within thirty (30) days of the determination thereof provided that any claim for prior period adjustment must be made within six months from the date of the initial transportation invoice with a three month rebuttal period, except in the case of deliberate omission or misrepresentation or mutual mistake of fact.

~~6.8~~ Fees—Shipper shall reimburse El Paso for all filing and other fees actually paid by El Paso pursuant to the Commission's Regulations which are attributable to an executed Transportation Service Agreement.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

7. FORCE MAJEURE

~~7.1 Effect of Force Majeure—In the event of either El Paso or Shipper being rendered unable by force majeure to wholly or in part carry out its obligations under the provisions of the executed Transportation Service Agreement, it is agreed that the obligations of the party affected by such force majeure, other than to make payments due, shall be suspended without liability for breach of contract during the continuance of any inability so caused but for no longer period, and such cause shall, so far as possible, be remedied with all reasonable dispatch. A force majeure event affecting the performance by either party shall not relieve it of liability in the event of its concurring negligence, where such negligence was a cause of the force majeure event, or in the event of its failure to use reasonable diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing to the other party as soon as possible after the occurrence relied on.~~

~~7.2 Definition of Force Majeure—The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, failure of any third parties necessary to the performance by either El Paso or Shipper under the executed Transportation Service Agreement, inability to obtain pipe or other material or equipment or labor, wars, riots, insurrections, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraint of rulers and people, interruptions by government or court orders, present or future orders of any regulatory body having proper jurisdiction, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or pipelines, and any other cause whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which, by the exercise of due diligence, such party is unable to overcome. Nothing contained herein, however, shall be construed to require either party to settle a strike against its will.~~

7.1 A force majeure event includes, without limitation, acts of God, including fires, explosions, earthquakes or volcanic eruptions, storms, floods, and washouts; necessity for compliance with any court order, law, regulation or ordinance promulgated by any governmental authority having jurisdiction, either federal, Indian, state or local, civil or military; acts of a public enemy; wars and civil disturbances; strikes, lockouts or other industrial disturbances; failure of any third parties necessary to the performance by either Transporter or Shipper under the Executed TSA, breakage or accident to machinery or lines of pipe; the

necessity for testing (as required by governmental authority); inability to obtain at reasonable cost necessary materials, supplies, permits, or labor to perform or comply with any obligation or condition of this Tariff; inability to obtain rights of way; and any other causes that are not reasonably in the control of the party claiming suspension.

7.2 A force majeure event shall include shutdowns for purposes of necessary repairs, relocations, or construction of facilities associated with any of the events described in Section 7.1 above.

7.3 If, because of a force majeure event, either Transporter or Shipper is rendered unable, wholly or in part, to perform its obligations under a TSA, and if such party gives notice of such event within a reasonable period of time and provides full particulars of the event in writing or by electronic communication (other than telephone), nonperformance of the party giving such notice shall be excused during the continuance of such event and to the extent its performance is affected by such event. The party claiming force majeure shall use due diligence to remedy its nonperformance with all reasonable dispatch, including the making of provision for such alternate performance as may be economical and practical.

7.4 No force majeure event affecting the performance by Transporter or Shipper shall relieve such party of liability in the event of failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch. Nor shall such causes or contingencies affecting such performance relieve either party from its obligations to make payments due.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

~~12. NON WAIVER OF FUTURE DEFAULT~~
WAIVERS

~~12.1 No waiver by either El Paso or Shipper of any one or more defaults by the other in performance of any of the provisions of the executed Transportation Service Agreement~~12.1 Waivers of Past or Future Defaults.

(a) Transporter may, from time to time and on a not unduly discriminatory basis, waive any of its rights hereunder and compliance with the provisions of this Tariff. All such waivers shall be limited to past defaults or other past occurrences or to advance waivers addressing specific, short-term operational problems. Such waivers may include, without limitation, Transporter's rights to: retain or confiscate gas; impose penalties for imbalances, unauthorized overruns, etc.; charge interest on late payments, etc.

(b) Transporter shall record any such waivers in a log, which shall be posted for public inspection on its website in accordance with Part 358 of the Commission's Regulations.

12.2 Non-Waiver of Future Defaults

Failure to exercise any rights under this Tariff shall not be considered a waiver of such right or of any rights in the future. No waiver of any one or more defaults by the other party in the performance of any of the provisions of this Tariff, or the provisions of the service agreement incorporating the provisions of this Tariff, shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or of a different character.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

13. SERVICE CONDITIONS (Continued)

- 13.6 As a condition to providing service under Section 284.102(d) of the Commission's Regulations for any Shipper under this Volume No. 1-A Tariff, Shipper shall provide certification including sufficient information to verify that its services qualify under said section. Prior to commencing transportation service described in Section 284.102(d)(3) of the Commission's Regulations, El Paso must receive the certification required from a local distribution company or an intrastate pipeline pursuant to Section 284.102(~~de~~)(3).
- 13.7 El Paso shall construct, replace, or recondition laterals (at its own expense) to comply with contractual commitments, or to conform to Department of Transportation Regulations or other safety related requirements. El Paso shall also construct laterals, as requested by a Shipper, when that Shipper has agreed to reimburse El Paso for the construction and related costs. For purposes of this Section 13.7, "laterals" mean any pipeline extension (other than mainline extension) built from an existing pipeline facility to deliver gas to one or more customers, including new delivery points and enlargements or replacements of existing laterals.
- 13.8 El Paso and Shipper may mutually agree to include an evergreen provision in the TSA that would allow the agreement to continue in effect beyond its primary term with the mutual consent of the parties. For purposes of this provision, if the parties elect to continue the agreement into an evergreen period, the Right-of-First-Refusal requirements of Section 20.16 and the ~~posting requirements~~ contract procedures of Section ~~28.1422~~ of this tariff will only apply when the TSA reaches the end of such evergreen period.
- 13.9 If mutually agreed upon in the TSA, El Paso may commit to maximum and minimum receipt and delivery pressure levels to Shippers on a ~~non-not unduly~~ discriminatory basis, and where necessary, upon specified conditions, to ensure that such commitments do not have any adverse effects on El Paso's system. ~~El Paso will post on its EBB agreed upon~~ If such commitment involves service under Rate Schedules FT-H or NNTH the agreed upon pressure commitment shall be consistent with the provisions of the rate schedule. Such conditions may include volume limitations or other operational requirements to ensure the quality of service. El Paso will post on its EBB agreed-upon maximum and minimum receipt and delivery pressure commitments and any applicable operating conditions. El Paso will not agree to a maximum or minimum receipt or delivery pressure that will render it unable to meet its existing firm obligations and, upon request, will provide a written explanation to the Shipper explaining the operational basis for rejecting any request for a maximum or minimum pressure.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

15. ASSIGNMENTS

~~15.1 Shipper shall make no sale or assignment of the executed Transportation Service Agreement or any of the rights or obligations thereunder unless there first shall have been obtained the written consent thereto of El Paso; provided, however, that Shipper may, without the necessity of obtaining the consent of El Paso, assign any of its rights, but not its obligations thereunder to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities without such trustee or trustees becoming obligated to perform the obligations of the assignor thereunder and, if any such trustee be a corporation, without its being required to qualify to do business in any State in which performance of the executed Transportation Service Agreement may occur;~~

15.1 Assignable Parties. A Shipper may assign its TSA to:

(a) any person, firm, or corporation acquiring all, or substantially all, of the natural gas business of said Party;

(b) a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities; but it may not be otherwise assigned without the consent of the other Party hereto. Whenever any corporation is referred to herein, such reference shall be deemed to include the successors and assignees of such corporation.

15.2 If a Shipper wishes to assign a portion or all of its firm capacity under a TSA to a party not described above, it must do so using the capacity release provisions of this Tariff.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

19. OPERATING PROVISIONS FOR INTERRUPTIBLE TRANSPORTATION SERVICE

———Interruptible transportation service under this FERC Gas Tariff shall be ~~provided~~scheduled when, and to the extent that, El Paso determines that capacity is available in El Paso's existing facilities, which capacity is not subject to a prior claim by another customer or another class of service under a pre-existing contract, service agreement or certificate. Available interruptible capacity shall be allocated by El Paso on a ~~first come/first served~~an economic basis, as determined by El Paso, and interruptible transportation service hereunder shall be provided in accordance with such allocation.

———The provisions of this Section 19 shall also be applicable to interruptible service under special rate schedules contained in El Paso's Volume No. 2 Tariff.

19.1 A valid request for interruptible transportation service under this FERC Gas Tariff ~~made after the effectiveness of Section 23 hereof~~ shall be in accordance with, ~~and contain the data required by the provisions contained in such Section 23~~22.

~~19.2 With respect to all requests for interruptible service by a Shipper who had not contracted for service prior to October 9, 1985, the provisions of Sections 19.3 through 19.6 and Section 23.5 shall govern.~~19.2 On any day that sufficient capacity is not available in El Paso's system to provide transportation for all gas nominated and confirmed under interruptible TSAs, El Paso shall allocate its available capacity among such Shippers on an economic basis pursuant to Section 4.2.

~~19.3 On any day that sufficient capacity is not available in El Paso's system to provide transportation for all gas tendered under executed Transportation Service Agreements with Shippers referred to in Section 19.2 above, El Paso shall allocate its available capacity among such Shippers on a first come/first served basis. For purposes of allocating such capacity, any Shipper holding an effective Transportation Service Agreement or any Shipper who has furnished El Paso with a valid request complying with the requirements contained in Section 19.4 and in Section 23, when accepted by El Paso in an executed Transportation Service Agreement, will be entitled to priority over any Shipper furnishing El Paso with a valid request on a later date and shall be unaffected by and shall have priority over subsequent requests for service under Rate Schedule IT 1.~~19.3 El Paso shall not be required to perform or continue service on behalf of any Shipper that fails to comply with the terms contained in the General Terms and Conditions, in particular, but without limitation, Sections 19, 22, 23, and 30 and any and all terms of the applicable rate schedule

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and/or the terms of Shipper's Transportation Service Agreement with
El Paso.

~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
~~(Continued)~~

~~19. OPERATING PROVISIONS FOR INTERRUPTIBLE TRANSPORTATION SERVICE~~
~~(Continued)~~

~~19.4 Requests for transportation under this FERC Gas Tariff will be invalid and will not be considered if service is requested to commence later than six (6) months after the information specified in Section 23.5 of this FERC Gas Tariff is provided to El Paso.~~

~~19.5 (a) Upon receipt of all of the information required in Section 23 for a valid request for transportation service, El Paso shall prepare and tender to Shipper for execution a Transportation Service Agreement in the form contained in this Volume No. 1 A Tariff. If Shipper fails to execute the Transportation Service Agreement or any amendment thereto within thirty (30) days of the date tendered, Shipper's request shall be deemed null and void.~~

~~(b) Electronic Execution of Agreements — For all Park & Loan Service Agreements, Transportation Service Agreements, exhibits, and amendments thereto ("Service Agreements") entered on or after the effective date of this tariff sheet, El Paso and Shipper shall electronically execute such Service Agreements which shall be deemed to be in the form of the Form of Service Agreement for the applicable interruptible rate schedule, unless the Shipper specifically requests a written Agreement and submits no nomination for service while the written Agreement is pending or the Service Agreement contains provisions that the Commission must review.~~

~~(i) The Service Agreement shall be deemed to be executed by Shipper when the Shipper accepts the service request electronically via El Paso's EBB. The Service Agreement shall be deemed to be executed by El Paso when El Paso accepts the Shipper's request for capacity using the EBB. A Service Agreement that is executed in this manner shall be deemed to have been "signed" and to constitute an "original" when printed from electronic files or records.~~

~~(ii) Notwithstanding the above, if the Shipper and El Paso electronically execute an Agreement and the Shipper later requests a written Agreement, the electronic Service Agreement shall be deemed the original until the written Agreement is executed by both parties.~~

~~(iii) If the Service Agreement contains provisions that must be reviewed by the Commission, it will be stated in written form and executed by the parties. In such case, a facsimile may be deemed an executed original until such~~

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~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
~~(Continued)~~

~~19. OPERATING PROVISIONS FOR INTERRUPTIBLE TRANSPORTATION SERVICE~~
~~(Continued)~~

~~(iii) (continued)~~

~~_____ time as the Shipper executes the original Agreement.
However, such provisions will not become effective until
reviewed and accepted by the Commission.~~

~~19.6 If a Shipper that has executed a Transportation Service Agreement fails, on the later of the date service is to commence or fifteen (15) days after the Shipper executes the Transportation Service Agreement, or the completion of construction of any necessary facilities or the issuance of any necessary certificate authorization, to nominate pursuant to Section 4.1 of these General Terms and Conditions any quantity of gas for transportation or fails, having nominated a quantity of gas and El Paso having scheduled the quantity for transportation, to tender any gas for transportation, the Shipper's Transportation Service Agreement shall be terminated and the Shipper's request for service shall be deemed null and void; provided, however, that the Shipper's Transportation Service Agreement shall not be terminated nor shall the Shipper's request for service be deemed null and void if the Shipper's failure to nominate or tender is caused by an event of force majeure as defined in Section 7 of these General Terms and Conditions.~~

~~19.7 El Paso shall not be required to perform or continue service on behalf of any Shipper that fails to comply with the terms contained in Sections 19 and 23 and any and all terms of the applicable rate schedule and the terms of Shipper's Transportation Service Agreement with El Paso. El Paso shall have the right to waive any one or more specific defaults by any Shipper under this Section 19, inclusive, or any provision of the applicable rate schedule or Transportation Service Agreement; provided, however, that no such waiver shall operate or be~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

19. OPERATING PROVISIONS FOR INTERRUPTIBLE TRANSPORTATION SERVICE
(Continued)

~~19.7 (Continued)~~

~~construed as a waiver of any other existing or future default or defaults, whether of a like or different character.~~

~~19.84~~ Upon request of El Paso, Shipper shall from time to time submit estimates of hourly, daily, monthly and annual quantities of gas to be transported, including peak day requirements.

~~19.95~~ Shipper shall ~~endeavor to~~ deliver and receive natural gas in uniform hourly quantities during any day with operating variations to be kept to the minimum feasible, except when specific hourly services are being provided.

~~19.106~~ El Paso shall not be required to perform or to continue interruptible service under this FERC Gas Tariff on behalf of any Shipper who is or has become insolvent, or fails to meet payment obligations in accordance with Sections 6.2 or 6.3 of this FERC Gas Tariff, or who, at El Paso's request, fails, within a reasonable period to demonstrate creditworthiness or fails to provide adequate assurances of performance as such are defined in the Texas/Colorado version of the Uniform Commercial Code (See, ~~Vernon's Texas Codes Annotated, Business and Commerce Code, Acts 1967, 60th Leg., Ch. 785, H.B. No. 293, UCC effective September~~ C.R.S. Section 4-17-1967-101, et. seq.). However, such Shipper may receive interruptible service under this FERC Gas Tariff if Shipper prepays for such service or furnishes good and sufficient security, as determined by El Paso in its reasonable discretion, an amount equal to the cost of performing the service requested by Shipper for a three (3) month period to include the cost of gas for permissible imbalance quantities. For purposes of this FERC Gas Tariff, the insolvency of a Shipper shall be evidenced by the filing by such 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 as 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, with said order or

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

19. OPERATING PROVISIONS FOR INTERRUPTIBLE TRANSPORTATION SERVICE
(Continued)

~~19.106~~ (Continued)

decree continuing unstayed and in effect for a period of sixty (60) consecutive days. Notwithstanding the above and Section 6.4 of this FERC Gas Tariff, El Paso shall not suspend service to any Shipper, who is or has become insolvent, in a manner that is inconsistent with the Federal Bankruptcy Code.

Based on the amount of creditworthiness demonstrated by a Shipper, a Daily Tender Limit shall be established for IT TSAs stating the maximum quantity available to be scheduled. Existing IT TSAs shall use their previous MDQ to establish creditworthiness.

~~19.117~~ El Paso shall have no responsibility for Shipper's gas prior to its acceptance of ~~natural~~such gas at the receipt point(s) and after delivery at the delivery point(s), and Shipper shall have sole responsibility for all arrangements necessary for delivery of natural gas to El Paso at the receipt point(s) for transportation, and for all arrangements necessary for receipt of natural gas for the account of Shipper at the delivery point(s), which arrangements otherwise meet the provisions set forth in these General Terms and Conditions.

~~19.12 Reserved~~ 19.8 Arbitration - El Paso agrees to include an arbitration provision in Shipper's Transportation Service Agreement detailing the requirements of this section if the following conditions are met: (1) if Shipper is a foreign government, an agency of a foreign government, or an entity created by them to conduct business and, (2) prior to execution of such agreement, requests binding arbitration of any dispute arising under a Transportation Service Agreement not subject to the Commission's exclusive jurisdiction. Unless the parties agree otherwise, such arbitration shall be conducted using the Rules of Arbitration of the International Chamber of Commerce of Paris, France.

~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~

~~(Continued)~~

~~19. OPERATING PROVISIONS FOR INTERRUPTIBLE TRANSPORTATION SERVICE~~

~~(Continued)~~

~~19.13-~~

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~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
(Continued)

~~19. OPERATING PROVISIONS FOR INTERRUPTIBLE TRANSPORTATION SERVICE~~
(Continued)

Reserved for future use.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE

~~————Firm transportation service under this FERC Gas Tariff shall be provided when, and to the extent that, El Paso determines that firm capacity is available in El Paso's existing facilities or facilities to be constructed pursuant to Section 34, which firm capacity is not subject to a prior claim by another customer or another class of service. Firm capacity which becomes available on and after the effective date of this Section 20, other than capacity which becomes available through the installation of new mainline transmission facilities (other than minor tap), and which is not converted or subject to conversion to firm transportation capacity pursuant to Section 284.10 of the Commission's Regulations, shall be made available to potential Shippers to support new firm transportation agreements on a first come/first served basis.~~
The provisions of this Section 20 shall also be applicable to firm service under special rate schedules contained in El Paso's Volume No. 2 Tariff.

~~————The provisions of this Section 20 shall also be applicable to firm service under special rate schedules contained in El Paso's Volume No. 2 Tariff.~~

20.1 A valid request for firm transportation service under this FERC Gas Tariff ~~made after~~shall be in accordance with the effectiveness of Section 23 hereof ~~shall be in accordance with, and contain the data required by the provisions contained in such Section 23~~procedures contained in Section 22.

~~20.2 With respect to all requests for firm transportation service by a Shipper made on and after the effective date of this Section 20, the provisions of Sections 20.3 through 20.5 and 23.5 shall govern.~~
20.2 Reserved for Future Use

~~20.3 (a) — The availability of firm capacity for contract shall be determined by the time and date El Paso receives a valid request for service under this FERC Gas Tariff, which conforms to Section 20.4 below and the provisions contained in Section 23 upon effectiveness of such section. El Paso shall consider all valid requests in the order received, and when a request for service is accepted in writing by El Paso. Allocation of contracted firm capacity will be on a pro rata basis.~~
20.3 Reserved for Future Use

20.4 Reserved for Future Use

20.5 Reserved for Future Use

~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
~~(Continued)~~

~~20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)~~

~~20.3 (Continued)~~

- ~~(b) In the event that two or more Shippers seek to obtain the firm capacity that one or more Shippers offer to relinquish on the Outer Continental Shelf, such capacity shall be allocated as follows:~~
- ~~(i) during the open season conducted in accordance with Order No. 509, et seq., firm capacity will be reallocated in accordance with Section 284.304(a) of the Commission's Regulations; and~~
 - ~~(ii) after the open season within ten (10) days of receiving a complete and valid request for firm transportation, El Paso will provide the requesting Shipper a list of all firm Shippers under contract with El Paso. If the requesting Shipper finds an existing Shipper willing to relinquish voluntarily all or a portion of its firm capacity, El Paso will reallocate that capacity on a first come/first served basis. The relinquishing Shipper and the new Shipper shall advise El Paso in writing of their mutual agreement. In the event there is more than one valid request for service on a given day, and such requests exceed the available firm capacity, such capacity shall be allocated among the requesting Shippers on a pro rata basis. Any capacity which is relinquished by an existing Shipper and subsequently assumed by the requesting Shipper must have compatible receipt and delivery point obligations, unless El Paso has capacity available at other requested receipt and delivery points. In the event El Paso has uncommitted firm capacity available, it may assign part or all of that capacity before it reallocates the capacity of existing Shippers. Upon execution of the new Transportation Service Agreement with the new Shipper, El Paso shall be absolved of all service obligations to the relinquishing Shipper and shall be deemed to have received pregranted abandonment authorization for such relinquishing Shipper.~~

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~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
~~(Continued)~~

~~20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)~~

~~20.4 Requests for firm transportation hereunder shall be accompanied by a prepayment, not to exceed \$10,000.00, of the total Reservation Charge provided by Section 4.1 of Rate Schedule FT 1 of this FERC Gas Tariff.~~

~~20.5 (a) Upon receipt of all of the information required in Section 23 for a valid request for transportation service, El Paso shall prepare and tender to Shipper for execution a Transportation Service Agreement in the form contained in this Volume No. 1 A Tariff. If Shipper fails to execute the Transportation Service Agreement or any amendment thereto within thirty (30) days of the date tendered, Shipper's request shall be deemed null and void.~~

~~(b) Electronic Execution of Agreements — For all Transportation Service Agreements, exhibits, and amendments thereto ("TSAs") entered on or after the effective date of this tariff sheet, El Paso and Shipper shall electronically execute such TSAs which shall be deemed to be in the form of the Form of Service Agreement for the applicable firm rate schedule, unless the Shipper specifically requests a written Agreement and submits no nomination for service while the written Agreement is pending or the TSA contains provisions that the Commission must review.~~

~~(i) The TSA shall be deemed to be executed by Shipper when the Shipper accepts the service request electronically via El Paso's EBB, or submits a bid electronically during a competitive bid process. The TSA shall be deemed to be executed by El Paso when El Paso awards the capacity to Shipper using the EBB. A TSA that is executed in this manner shall be deemed to have been "signed" and to constitute an "original" when printed from electronic files or records.~~

~~(ii) Notwithstanding the above, if the Shipper and El Paso electronically execute an Agreement and the Shipper later requests a written Agreement, the electronic TSA shall be deemed the original until the written Agreement is executed by both parties.~~

~~(iii) If the TSA contains provisions that must be reviewed by the Commission, the TSA will be stated in written form and executed by the parties. In such case, a facsimile may be deemed an executed original until such time as Shipper executes the original Agreement. However, such provisions will not become effective until reviewed and accepted by the Commission.~~

Reserved for future use.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)

- 20.6 El Paso shall not be required to perform or continue service on behalf of any Shipper that fails to comply with the terms contained in ~~Sections 20 the General Terms and Conditions, in particular, but without limitation, in Sections 20 22, 23 and 30 and any and all~~ terms of the applicable rate schedule and/or the terms of Shipper's ~~Transportation Service Agreement~~ TSA with El Paso. ~~El Paso shall have the right to waive any one or more specific defaults by any Shipper under this Section 20, inclusive, or any provision of the applicable rate schedule or Transportation Service Agreement; provided, however, that no such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.~~
- 20.7 Upon request of El Paso, Shipper shall from time to time submit estimates of hourly, daily, monthly and annual quantities of gas to be transported, including peak hour and day requirements.
- 20.8 Shipper shall ~~endeavor to~~ deliver and receive natural gas in uniform hourly quantities during any day with operating variations to be kept to the minimum feasible, except when specific hourly services are being provided.
- 20.9 El Paso shall not be required to perform or to continue firm service under this FERC Gas Tariff on behalf of any Shipper who is or has become insolvent, or fails to meet payment obligations in accordance with Sections 6.2 or 6.3 of this FERC Gas Tariff, or who, at El Paso's request, fails, within a reasonable period to demonstrate creditworthiness or fails to provide adequate assurances of performance as such are defined in the ~~Texas~~ Colorado version of the Uniform Commercial Code (See, ~~Vernon's Texas Codes~~ C.R.S. Section 4-1-101, et. seq.).

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)

20.9 (Continued)

~~Annotated, Business and Commerce Code, Acts 1967, 60th Leg., Ch. 785, H.B. No. 293, UCC effective September 1, 1967).~~ However, such Shipper may receive firm service under this FERC Gas Tariff if Shipper prepays for such service or furnishes good and sufficient security, as determined by El Paso in its reasonable discretion, an amount equal to the cost of performing the service requested by Shipper for a three (3) month period to include the cost of gas for permissible imbalance quantities. For purposes of this FERC Gas Tariff, the insolvency of a Shipper shall be evidenced by the filing by such 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 as 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, with said order or decree continuing unstayed and in effect for a period of sixty (60) consecutive days. Notwithstanding the above and Section 6.4 of this FERC Gas Tariff, El Paso shall not suspend service to any Shipper, who is or has become insolvent, in a manner that is inconsistent with the Federal Bankruptcy Code.

20.10 El Paso shall have no responsibility for Shipper's gas prior to its acceptance of ~~natural~~such gas at the receipt point(s) and after delivery at the delivery point(s), and Shipper shall have sole responsibility for all arrangements necessary for delivery of natural gas to El Paso at the receipt point(s) for transportation, and for all arrangements necessary for receipt of natural gas for the account of Shipper at the delivery point(s), which arrangements otherwise meet the provisions set forth in these General Terms and Conditions.

20.11 Reserved for Future Use

~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
~~(Continued)~~

~~20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)~~

~~20.11 RESERVED~~

Reserved for future use.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)

20.12 Segmentation and Pathing

(b) Pathing - Path rights are available to and at, and all points in between, the mainline locations on the following portions of El Paso's mainline system, as limited by each Shipper's Primary Receipt-to-Delivery Flow Path.

(i) The assignment of a Shipper's Primary Receipt-to-Delivery Flow Path is only for the purposes of capacity Segmentation and the implementation of this Section 20.12.

(ii) All ~~firm Rate Schedule FT-1~~ Shippers will be allocated within-the-path rights through the assignment of a Flow Path, as described below, to be designated in their TSAs. These path rights, and related Segmentation and flexible point rights, are defined below.

(iii) North and South Designations

Points north of Dutch Flat Station on the Havasu crossover and north and west of the south discharge of Plains Station are considered "North Points" and for purposes of this Section 20.12 are designated "NPT." All points south of these locations, and all points on the Maricopa line, are considered "South Points" and for purposes of this Section 20.12 are designated "SPT." TSAs with North receipt points and South delivery points are considered to have North-to-South path rights in the amount of the total MRQs/MDQs for all such receipt and delivery points. TSAs with South receipt points and North delivery points are considered to have South-to-North path rights in the amount of the total MRQs/MDQs for all such receipt and delivery points.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
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20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)

20.12 Segmentation and Pathing (continued)

- (f) Primary Flow Path Flexibility for S/S1 Shippers - Shippers with an an S/S1 Primary Receipt-to-Delivery Flow Path will be assigned a primary scheduling status on the portion of the nominated Flow Path between a nominated primary SPT receipt point and Cornudas when nominating to an alternate SPT delivery point west of Cornudas.
- (g) Primary Flow Path Flexibility for S/N1 Shippers - Shippers with an S/N1 Primary Receipt-to-Delivery Flow Path will be assigned a primary scheduling status on the portion of the nominated Flow Path between a nominated primary SPT receipt point and Cornudas when nominating to an alternate NPT delivery point.
- (h) Primary Flow Path Flexibility for Shippers with Primary Receipt or Primary Delivery Points in the Permian Area - A Shipper with a primary receipt point in the Keystone Station area or primary receipt or delivery points in the Waha plant area may nominate from an alternate Keystone/Waha receipt or to an alternate Waha delivery point and retain its primary Flow Path scheduling priority if the following conditions are met:
 - (i) Nominated volumes at the alternate Keystone/Waha receipt or Waha delivery point must be within the MRQ/MDQ for the original primary Keystone/Waha receipt or Waha delivery point.
 - (ii) The nominated alternate Keystone/Waha receipt or Waha delivery point must be in the immediate vicinity and have a similar operational impact as the Shipper's original primary Keystone/Waha receipt or Waha delivery point.
 - (iii) Gas flow at the nominated alternate Keystone/Waha receipt point must be of similar quality and pressure of the gas flow at Shipper's original primary Keystone/Waha receipt point.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)

20.12 Segmentation and Pathing (continued)

20.12(h) (continued)

- (iv) If the above conditions are met, the receipt points eligible for this flow path flexibility within the Keystone area are the Keystone Pool point (Scheduling DRN 216750), INNKEYST (Scheduling DRN 42599), IKEYSTOR (Scheduling DRN 337906) and ISIDRICH (Scheduling DRN 38828). If the above conditions are met, the receipt points eligible for this flow path flexibility within the Waha area are IOASISWA (Scheduling DRN 151617), IVALEROW (Scheduling DRN 152149), ILONEWA (Scheduling DRN 151624), and IWESTARW (Scheduling DRN 151612).
- (v) If the above conditions are met, the delivery points eligible for this flow path flexibility within the Waha area are IOASISWA (Scheduling DRN 151617), IVALEROW (Scheduling DRN 152149), ILONEWA (Scheduling DRN 151624), and IWESTARW (Scheduling DRN 151612).
- (i) Flow Point Secondary Capacity Point Rights for Shippers with Primary Receipt or Delivery Points in the Permian Area - The receipt points listed in Section 20.12(h)(iv) and delivery points listed in Section 20.12(h)(v) above, shall be assigned a Flow Point Secondary scheduling priority when a Shipper who holds primary receipt/delivery point rights at one of the listed points nominates from/to one of the other points within the same area on the list. Nominated volumes at the alternate Keystone/Waha receipt or delivery point must be within the MRQ/MDQ for the original primary Keystone/Waha receipt or delivery point.
- (j) Flow Path rights will be used, in part, to determine scheduling priority. If a constraint causes capacity to be allocated along a portion of the Flow Path, El Paso will not automatically adjust the Shipper's nomination to another Flow Path; however, Shippers may re-nominate using another Flow Path in the next available nomination cycle.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)

20.12 Segmentation and Pathing (continued)

20.12(m) (continued)

(ii) Segmentation by capacity release may be subject to additional charges depending on the receipt and delivery points used.

1. Shippers using receipt or delivery points not provided for in the TSA may be subject to an incremental Out-of-Zone Daily Reservation Charge. The applicable charges are described in Section 20.14(b) and 20.14(c).

~~2. If an incremental Out-of-Zone Daily Reservation Charge shall be equal to the difference between the Reservation Rate provided in the TSA, and the maximum rate applicable to the receipt and delivery zone for which service is provided, unless El Paso agrees to discount such rate(s).~~

~~2. If an incremental Out-of-Zone Charge is applicable, the total reservation charges retained by El Paso from the Releasing and Acquiring Shippers may not exceed the applicable maximum reservation charges. If such charges exceed the applicable maximum tariff rate, the reservation charges in excess of the applicable maximum tariff rate will be returned to the releasing Shipper so that El Paso retains no more than the applicable maximum charges from the Releasing and Acquiring Shipper.~~

(n) General Prerequisites for Segmentation - To maintain the integrity and reliability of El Paso's system and to ensure that Segmentation is supported to the greatest extent possible without detriment to, or degradation of, any Shipper's service, the following prerequisites for Segmentation have been established.

(i) Segmented capacity may not exceed a Shipper's TCD, except as provided in Section 20.12(o)(vii).

(ii) Segmentation is subject to the availability of capacity and existing contractual obligations at and between Segmentation receipt and delivery points identified by the priority of service pursuant to Section 4 of this Tariff.

(iii) Segmentation is not available for deliveries to pools.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (continued)

20.12 Implementation of Segmentation (continued)

(o) (iii) (continued)

3. Confirmed quantities on any Segments involving service in the Permian virtual area separately or in total under the TSA that exceeds the Transportation Contract Demand will be scheduled and billed as authorized overrun.

4. For segmentation purposes, the North and South Mainlines shall be considered to be non-threaded parallel lines. Segmented transactions that use these parallel lines at the same time and exceed Shipper's Path Quantity for those parallel lines shall be considered overlap and shall be billed and scheduled as authorized overrun.

- (iv) If capacity allocations are required, confirmed quantities within a Shipper's Primary Receipt-to-Delivery Flow Path will be scheduled first (or pro rata if more than one applicable transaction) and then any remaining quantities will be scheduled for out-of-path nominations (or pro rata if more than one applicable transaction).
- (v) Any nominated and confirmed quantity exceeding a Shipper's MRQ at a receipt point or the MDQ at a delivery point, or Path Quantity, but not exceeding its Transportation Contract Demand will be assigned a scheduling priority of Second Alternate.
- (vi) Segmentation nominations entirely outside the Shipper's Primary Receipt-to-Delivery Flow Path will be assigned a scheduling priority of Second Alternate.
- (vii) A firm Shipper (or a releasing Shipper and an acquiring Shipper participating in a capacity release) may segment its capacity by simultaneously nominating its full rights in a forward haul and its full rights in a backhaul to the same delivery point.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)

20.13 Flexible Receipt and Delivery Point(s)

- (a) Exhibit A of a ~~Rate Schedule FT-1~~ firm Shipper's TSA shall designate the primary receipt point(s), primary delivery point(s) and Primary Flow Path(s) for service under that agreement. ~~— A firm Shipper may use any other receipt point or delivery point not provided for in the TSA on a lower priority (Flow Point Secondary or Alternate) basis subject to unless conditioned by the other provisions of this Tariff applicable rate schedule.~~ These rights are defined in Section 1 and in the Pathing and Segmentation provisions of Section 20.12. Shipper may use such lower priority points by submitting a nomination to El Paso designating the point to be used.
- (b) The use of lower priority points is also subject to the following conditions:
 - (i) The lower priority points will be scheduled pursuant to the priorities of Section 4.2 of this Tariff.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)

20.13 (b) Flexible Receipt and Delivery Point(s) (continued)

(ii) The lower priority points are subject to the rate conditions specified in Section 20.14(a).

(iii) The total quantity of gas transported by El Paso using Shipper's primary receipt and delivery point(s) and lower priority points shall not exceed Shipper's Transportation Contract Demand except as provided by Section 20.12 of this Tariff, unless otherwise agreed to by El Paso.

(c) Re-designation of Existing Primary Points. ~~Rate Schedule FT-1~~ Unless conditioned by the applicable rate schedule, firm Shippers, including Acquiring Shippers with express permission from the Releasing Shipper to do so, may request to re-designate primary point rights to any rate zone pursuant to the following procedures. El Paso will grant such requests on a first come/first served basis if firm capacity is available to and at the requested points, the change will not harm other firm Shippers, and the change is operationally feasible. Requests for sales of capacity involving incremental service will have priority over re-designation requests.

(i) When a Shipper desires to re-designate primary point rights, the Shipper must agree to the rate conditions of Section 20.14(a), the creditworthiness provisions of Section 20.9, and the other conditions of this Section. Unless otherwise agreed by El Paso on a not unduly discriminatory basis, a Shipper may only request to re-designate over an annual period either a fixed and constant percentage of its monthly transportation contract demand or a fixed and constant daily contract quantity.

(ii) A firm Shipper may submit only one re-designation request at a time for the same TSA; however, a firm Shipper wishing to re-designate a primary point for a period of three months or less may submit a request, subject to the other conditions of this Section 20.13(c), to re-designate to a new primary point and simultaneously submit a request to re-designate back to the original primary point at the end of the re-designation period.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)

20.13 Flexible Receipt and Delivery Point(s) (continued)

(c) Re-designation of Existing Primary Points (Continued)

(viii) Except as provided in Section 28.23(b) of this Tariff, re-designations of receipt and delivery points will result in a permanent change for every month of the remaining term of the TSA. Accordingly, such changes will result in a corresponding reduction in contract quantity at the original (vacated) primary points. El Paso will make the capacity at the vacated points available for other Shippers to use on a firm and interruptible basis. The original Shipper may return to the vacated primary points at a later date only if the capacity is available to and at those points at that time and the Shipper submits a re-designation request pursuant to the procedures of this Section. ~~However, Block II capacity will be treated in accordance with Section 4.5(b)(ii) of the General Terms and Conditions of this Tariff. For capacity release transactions, this provision will apply only to those releases effectuated after February 13, 2004.~~

(ix) If the re-designation of primary points requires the construction of facilities, then the timing requirements of this Section 20.13(c) shall not apply. If El Paso and Shipper agree that El Paso shall ~~is~~ constructing facilities, Shipper must provide El Paso sufficient notice to obtain the necessary regulatory and environmental authorizations to construct and operate the new point under the Commission's Regulations.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)

20.14 Rate Application for Flexible Receipt and Delivery Point(s) or the Re-designation of Primary Points.

- (a) ~~Except as provided for in Section 4.9 of the General Terms and Conditions (California Receipt Service) in~~ In the event Shipper uses receipt or delivery points not provided for in the TSA or re-designates a primary receipt or delivery point pursuant to Section 20.13(c), Shipper shall be billed pursuant to Section ~~1.16~~20.14 of this Tariff. ~~However, through the later of December 31, 2005 or the effective date of the next system wide rate change, a Shipper with an Effective Unit Rate listed in Section 9.3 of Rate Schedule FT 1 shall not be subject to the Out of Zone Daily Reservation Charge when it uses any receipt or delivery points located in the same delivery zone as its historic service territory or in an upstream delivery zone, or re designates a primary receipt or delivery point in the same delivery zone as its historic service territory or an upstream delivery zone. The Shipper's Effective Unit Rate shall apply at all such points. In addition, Shipper shall pay the maximum usage charge(s), unless otherwise provided, applicable to the production basin(s) and delivery point(s) actually used for the transportation service.~~
- (b) Use of Non-Discounted Points. Notwithstanding the applicability of any contractually agreed-upon lower rate for services using primary receipt and delivery points, all transportation services using a receipt or delivery point not provided for in the TSA₇ shall be subject to the maximum ~~transportation rate for such service~~Reservation Rate applicable to the primary delivery point, as set forth in this FERC Gas Tariff₇, unless El Paso otherwise agrees in writing at the time the service using such point(s) is requested.
- (c) Out-of-Zone Daily Reservation Charge. ~~Except as provided for in Section 20.14, Rate Schedule FT 1~~ All firm Shippers using receipt or delivery points not provided for in the TSA located in delivery zones with higher maximum rates than their original delivery zones shall pay El Paso, in addition to their contracted Daily Reservation Charge, an incremental Out-of-Zone Daily Reservation Charge.
- ~~(a)(i)~~ (i) The incremental Out-of-Zone Daily Reservation Charge₇ unless El Paso agrees to discount such rates₇, shall be equal to the difference between the maximum Reservation Rate ~~provided in the TSA and the maximum rate~~ applicable

to the ~~receipt and delivery~~ zone for which service is provided and the Reservation Rate provided in the TSA or zero, whichever is higher, ~~unless El Paso agrees to discount such rate(s).~~

- (ii) When segmenting capacity, the Out-of-Zone Daily Reservation Charge shall be the charges described in this Section 20.14(b) and (c) ~~20.12(m) of this Tariff.~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)

20.14 Rate Application for Flexible Receipt and Delivery Point(s) or the Re-designation of Primary Points. (Continued)

(d) When a ~~Rate Schedule FT 1 firm transportation~~ Shipper re-designates a ~~receipt or~~ delivery point, Shipper shall pay the higher of the maximum Reservation Rate applicable to the original (vacated) primary delivery point or the maximum rate applicable to the ~~receipt and~~ delivery zone for which service is provided, unless El Paso agrees to discount such rate(s). ~~This Section 1.16(b) will not apply to Shippers listed in Section 9.3 of Rate Schedule FT 1 that prior to January 1, 2006 re designate Block capacity rights as allowed under the Commission's august 29, 2003 aorder at Docket No. RP00 336 014.~~

20.15 Abandonment of Transportation Service - Unless otherwise provided in the applicable Transportation Service Agreement and subject to Section 20.16 below, El Paso shall be entitled to avail itself of the pregranted abandonment authority under Section 7(b) of the Natural Gas Act of long-term (twelve (12) months or more) firm transportation services, as authorized by Section 284.221(d) of the Commission's Regulations, upon the expiration of the contractual term or upon termination of each individual transportation arrangement and shall seek offers from competing Shippers interested in receiving such firm transportation service, as provided below.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)

20.16 Right-of-First-Refusal

- (a) Upon expiration of the term of a Transportation Service Agreement providing for service for 12 months or more at the applicable maximum tariff rate, or a Transportation Service Agreement that was in effect on March 26, 2000, providing for service for 12 months or more at a discounted rate, a "right-of-first-refusal" as prescribed in this Section 20.16 shall be available. In order to avail itself of its right-of-first-refusal, the Shipper must give El Paso its written notice of intent to exercise such right of first refusal not later than (i) the date of the notice period provided for in Shipper's contract; or (ii) six months prior to the expiration of the term of the contract, whichever shall first occur.
- (b) El Paso shall post on its electronic bulletin board the terms and conditions of the available capacity under the expiring contract as follows:
- (i) firm daily quantities stated in ~~Month~~/d;
 - (ii) the Path, receipt and delivery points at which capacity is available identified by NAESB Common Code and the firm quantities at such point(s);
 - (iii) effective date;
 - (iv) term;
 - (v) the rate (i.e., Reservation Charge(s) and Usage Charge(s) applicable to each delivery point);
 - (vi) minimum conditions; and
 - (vii) the criteria by which bids are to be evaluated.

Shippers exercising right-of-first-refusal for a portion of their Transportation Contract Demand will not be required to retain primary rights on a geographic proportionate basis.

- (c) Capacity will be made available on a ~~non~~not unduly discriminatory basis and will be assigned on the basis of an open season for a period of not less than 20 business days duration. Capacity that is sold on an interim basis in accordance with Section 34, Capacity Reserved for Expansion Projects, shall not be eligible for a right-of-first-refusal unless El Paso and Shipper agree to a conditional contractual right-of-first-refusal that would take effect upon a determination that the proposed project will not go forward.
- (i) Shipper(s) desiring to acquire such available capacity shall notify El Paso, via its electronic bulletin board, during the open season. Such bidding shall be conducted in conformance with the requirements of Section 28.9(b) of this Tariff.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)

20.16 Right-of-First-Refusal (Continued)

- (c) Capacity will be made available on a ~~non-~~not unduly discriminatory basis and will be assigned on the basis of an open season for a period of not less than 20 business days' duration. Capacity that is sold on an interim basis in accordance with Section 34, Capacity Reserved for Expansion Projects, shall not be eligible for a right-of-first-refusal unless El Paso and Shipper agree to a conditional contractual right-of-first-refusal that would take effect upon a determination that the proposed project will not go forward. Capacity that is sold on an interim basis pursuant to Section 20.20(c), Prospective Sale of Available Capacity, shall not be eligible for a right-of-first-refusal.
 - (i) Shipper(s) desiring to acquire such available capacity shall notify El Paso, via its electronic bulletin board, during the open season. Such bidding shall be conducted in conformance with the requirements of Section 28.9(b) of this Tariff.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

20. OPERATING PROVISIONS FOR FIRM TRANSPORTATION SERVICE (Continued)

20.16 Right-of-First-Refusal (Continued)

(e) In the event there are no competing offers, then the existing Shipper shall not be entitled to continue to receive transportation service upon the expiration of its contract except by agreeing to pay the maximum tariff rate unless El Paso and such Shipper shall enter into a new firm transportation service agreement providing otherwise.

(f) If a Shipper's transportation service agreement does not qualify for the right-of-first-refusal under this Section 20.16, El Paso and any such Shipper may mutually agree to include a right-of-first-refusal clause in their agreement. To the extent El Paso agrees to any such provision, it will do so on a ~~non~~not unduly discriminatory basis. The contractual right-of-first-refusal clause would allow the Shipper to exercise a right-of-first-refusal using the procedures of this Section 20.

20.17 Arbitration - El Paso agrees to include an arbitration provision in Shipper's Transportation Service Agreement detailing the requirements of this section if the following conditions are met:
(1) if Shipper is a foreign government, an agency of a foreign government, or an entity created by them to conduct business and,
(2) prior to execution of such agreement, requests binding arbitration of any dispute arising under a Transportation Service Agreement not subject to the Commission's exclusive jurisdiction. Unless the parties agree otherwise, such arbitration shall be conducted using the Rules of Arbitration of the International Chamber of Commerce of Paris, France.

~~20.18 El Paso may not sell as firm service, capacity for which there is a prior commitment. Prior commitment includes capacity subject to existing firm contracts and capacity reserved to manage transients.~~

20.18 Unauthorized Overrun Penalties. Unauthorized Overrun Penalties will be imposed on daily and hourly quantities as set forth in the applicable rate schedule. In cases where Hourly Entitlement Enhancement Nominations have been scheduled, the calculation for Daily Unauthorized Overrun Penalties will include the presumption that the Hourly Entitlement Enhancement Nominations have been delivered. Unauthorized Overruns resulting from a bump of a scheduled quantity during non-critical periods shall only be subject to maximum Authorized Overrun Rates as stated on the Statement of Rates Sheets.

~~20.19 Through the later of December 31, 2005 or the effective date of the next system wide rate change, El Paso will give existing Shippers~~

~~priority for the purchase of any existing capacity that becomes available or new capacity that El Paso might propose to construct. Additionally, at least once a year until such date, El Paso will determine whether any Shippers require additional firm capacity and, if so, will solicit turnback of capacity to meet those additional requests. Any Shipper that acquires such turnback capacity will assume the reservation charge responsibility for that capacity.~~ Reserved

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

21. ANNUAL CHARGE ADJUSTMENT PROVISION

- 21.1 Purpose - This Section 21 establishes an Annual Charge Adjustment Provision ("ACA") which will permit El Paso to recover from its Shippers the annual charges assessed to El Paso by the Commission under Part 382 of the Commission's Regulations.
- 21.2 Applicable Customers - The ACA is applicable to each rate schedule contained in Volume Nos. 1-A and Volume No. 2 FERC Gas Tariff as identified on ~~Sheet Nos. 20, 23, 24, 26, 27 and 28~~ the Statement of Rates Sheets of Volume No. 1-A and Sheet Nos. 1-D.2 and 1-D.3 of Volume No. 2 Tariff.
- 21.3 Adjustment Date - The ACA unit charge shall be filed with the Commission by El Paso at least thirty (30) days prior to the proposed Adjustment Date unless a shorter period is specifically requested and permitted by the Commission. The Adjustment Date shall be October 1 of each year or as directed by an order of the Commission. On the Adjustment Date, El Paso shall increase or decrease the ACA unit charge to each of the applicable rate schedules as authorized by the Commission to be recovered by El Paso. For those rate schedules with a two-part rate, the ACA unit charge shall only apply to the usage component of such rate.
- 21.4 Effective Date - The ACA unit charge shall become effective October 1 of each year or as directed by an order of the Commission if:
- (a) El Paso has paid the applicable annual charge in compliance with Section 382.103 of the Commission's Regulations; and
 - (b) the ACA unit charge is not subject to suspension or refund obligation.
- ~~21.5 Accounting for Annual Charges Paid Under Part 382 - El Paso shall account for annual charges paid by charging the amount to Account No. 928, Regulatory Commission Expenses, of the Commission's Uniform System of Accounts. Any annual charges recorded in Account No. 928 shall not be recovered by El Paso in a Natural Gas Act Section 4 rate case.~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

22. ~~TAKE OR PAY BUYOUT AND BUYDOWN COST RECOVERY CONTRACT PROCEDURES~~

~~The provisions for this Section 22 are contained in Section 21 of the General Terms and Conditions of El Paso's Volume No. 1 Tariff and are incorporated herein by reference with respect to those provisions applicable to the Throughput Surcharge. Such Throughput Surcharge is applicable to all Shippers subject to El Paso's mainline transportation rates and/or Rate Schedules contained in this Volume No. 1 A Tariff.~~

22.1 Request for Service. A valid request for service shall be in accordance with, and contain the data required by the provisions contained in Section 23.

22.2 Creditworthiness Requirement. A Shipper wishing to obtain service must first comply with the creditworthiness requirements of Sections 19 and 20.

22.3 Obtaining Interruptible Service.

- (a) Requests for interruptible transportation shall be invalid and shall not be considered if service is requested to commence later than six months after the information specified in Section 23 is provided to Transporter.
- (b) After receiving a valid request for interruptible service, Transporter will evaluate Shipper's request for service and post its acceptance of the request on the electronic bulletin board ("EBB"). If Transporter is unable to accept the service request, it shall notify the Shipper in writing.
- (c) If Transporter accepts the Shipper's request for service, the TSA shall be deemed electronically executed pursuant to Section 22.7(b).

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

22. CONTRACT PROCEDURES (Continued)

22.4 Availability of Firm Service

If Transporter determines that it has any uncommitted firm capacity on its system, it shall use the following procedures when selling that capacity.

- (a) If the firm capacity is to be sold within the time periods specified in the capacity sales timeline of Section 20.20(a), the procedures of Section 22.5 below shall be followed except when Transporter elects to use Section 22.6.
- (b) If the firm capacity is to be sold outside the time periods specified in the capacity sales timeline of Section 20.20(a), the competitive bidding procedures of Section 22.6 shall be followed.

22.5 Obtaining Firm Service Within the Sales Timeline

- (a) For firm posted capacity to be sold within the timeline of Section 20.20(a), Shipper must submit a valid request for service using the EBB. Transporter will evaluate Shipper's request and post its acceptance of the request on the EBB. If Transporter is unable to accept the service request, it will notify the Shipper in writing.
- (b) Transporter will respond to such service requests within 30 days. Transporter shall award such capacity on a first/come-first/served basis; however, Transporter reserves its right to refuse service if the rate offered by Shipper is less than the maximum rate for the service set forth on the Statement of Rates sheets of this Tariff.
- (c) If Transporter accepts Shipper's request for service, the TSA will be deemed electronically executed pursuant to Section 22.7(b).

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

22. CONTRACT PROCEDURES (Continued)

22.6 Obtaining Firm Service Outside the Sales Timeline

- (a) For firm capacity to be sold outside the timeline of Section 20.20(a) or where Transporter elects to conduct competitive bidding, Transporter will post such capacity on its EBB for competitive bidding. The capacity shall be awarded using the procedures specified by Sections 28.8 and 28.10.
- (b) Pre-arranged Shippers are permitted to match tied bids pursuant to 28.10(g). Transporter shall not be obligated to accept any bid for uncommitted capacity that is for less than the applicable maximum reservation charge and reservation surcharge.
- (c) Transporter and Shipper may negotiate rates that exceed the maximum reservation or usage rates pursuant to Section 27. For purposes of evaluating bids, El Paso will award capacity pursuant to the evaluation criteria of Section 28.10(b) and will include any contractual usage revenue commitments in the application of such criteria.
- (d) For proposed system expansions where an open season has been held through a notice posted on the EBB, the open season procedures will be deemed to satisfy the competitive bidding requirements of this section.

- 22.7 (a) Upon receipt of all of the information required in Section 23 for a valid request for transportation service, El Paso shall prepare and tender to Shipper for execution a Transportation Service Agreement in the form contained in this Volume No. 1-A Tariff. If Shipper fails to execute the Transportation Service Agreement or any amendment thereto within thirty (30) days of the date tendered, Shipper's request shall be deemed null and void.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

22. CONTRACT PROCEDURES (Continued)

22.7 (Continued)

(b) Electronic Execution of Agreements - For all Park & Loan Service Agreements, Transportation Service Agreements, exhibits, and amendments thereto ("Service Agreements") entered on or after the effective date of this tariff sheet, El Paso and Shipper shall electronically execute such Service Agreements which shall be deemed to be in the form of the Form of Service Agreement for the applicable rate schedule, unless the Shipper specifically requests a written Agreement and submits no nomination for service while the written Agreement is pending or the Service Agreement contains provisions that the Commission must review.

(i) The Service Agreement shall be deemed to be executed by Shipper when the Shipper accepts the service request electronically via El Paso's EBB. The Service Agreement shall be deemed to be executed by El Paso when El Paso accepts the Shipper's request for capacity using the EBB. A Service Agreement that is executed in this manner shall be deemed to have been "signed" and to constitute an "original" when printed from electronic files or records.

(ii) Notwithstanding the above, if the Shipper and El Paso electronically execute an Agreement and the Shipper later requests a written Agreement, the electronic Service Agreement shall be deemed the original until the written Agreement is executed by both parties.

(iii) If the Service Agreement contains provisions that must be reviewed by the Commission, it will be stated in written form and executed by the parties. In such case, a facsimile may be deemed an executed original until such time as the Shipper executes the original Agreement. However, such provisions will not become effective until reviewed and accepted by the Commission.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

23. ~~COMPLIANCE PLAN~~REQUEST FOR TRANSPORTATION SERVICES AND AFFILIATE
~~TRANSACTIONS~~

- 23.1 ~~Any shared operating employees and shared operating facilities between El Paso and its marketing affiliate(s) are listed on El Paso's Internet web site.~~Reserved
- 23.2 The information and format required from a Shipper for a valid request for transportation service or amended service are contained in Section 23.5 of this Section 23.
- 23.3 The procedures used to address and resolve complaints by Shippers and potential Shippers are as follows:
- (a) Any Shipper or potential Shipper may register a telephone complaint concerning requested and/or furnished transportation service by calling El Paso's customer assistance toll-free number 1-800-441-3764. Telephone complaints should provide the same information as provided in written complaints by a Shipper.

Written complaints by any Shipper or potential Shipper, clearly stating the issue(s), facts relied on by Shipper,

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

23. ~~COMPLIANCE PLAN REQUEST FOR TRANSPORTATION SERVICES AND AFFILIATE TRANSACTIONS~~ (Continued)

23.3 (Continued)

(a) (Continued)

and the Shipper's position, should be mailed by registered or certified mail, or delivered by hand to:

El Paso Natural Gas Company
Post Office Box ~~1492~~1087
~~El Paso, Texas 79978~~
Colorado Springs, CO 80944
Attention: Director
~~Mainline Transportation~~Marketing
Department
(Street Address: ~~100 N. Stanton, El Paso, Texas 79901~~)2 North Nevada,
Colorado Springs, CO 80903)

Upon receipt by El Paso, a complaint will be date stamped and recorded in the Transportation Service Complaint Log maintained by El Paso's ~~Mainline Transportation and Customer Services~~Marketing Department.

- (b) El Paso will respond initially to all complaints by the most appropriate communication means available within 48 hours and will respond to all complaints filed with El Paso in writing within 30 days. El Paso's written response will be mailed by registered or certified mail to Complainant and filed in the Transportation Service Complaint Log. The final resolution of the complaint will be dependent upon the nature of the complaint and the time necessary to investigate the complaint, verify the underlying cause(s) and determine the relevant facts.

- 23.4 ~~El Paso will maintain a log containing the following information on all requests for interruptible transportation service where allocation of capacity is based on a first come/first served priority. The log data relating to each contract shall be maintained as long as the contract is used to allocate capacity and for three (3) years thereafter~~Reserved.

~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
~~(Continued)~~

~~23. COMPLIANCE PLAN FOR TRANSPORTATION SERVICES AND AFFILIATE TRANSACTIONS~~
~~(Continued)~~

~~23.4 (Continued)~~

- ~~(a) The identity of the Shipper making the request for service including designating whether the Shipper is a local distribution company, an interstate pipeline, an intrastate pipeline, an end user, a producer, or a marketer;~~
- ~~(b) The specific affiliation of the requester with El Paso, and the extent of El Paso's affiliation, if any, with the person to be provided transportation service;~~
- ~~(c) The contract number; and~~
- ~~(d) The date that the request was accepted as valid.~~

Reserved for future use.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

23. ~~COMPLIANCE PLAN REQUEST FOR TRANSPORTATION SERVICES AND AFFILIATE TRANSACTIONS~~ (Continued)

23.5 Transportation Service Request Form

EL PASO NATURAL GAS COMPANY

TRANSPORTATION SERVICE REQUEST FORM

Shippers may request transportation service using the electronic execution of agreements procedures of this Tariff. Alternatively, Shippers may submit a request for service in writing by furnishing El Paso the following information.

Return this completed FORM to:

Marketing Department
El Paso Natural Gas Company
Post Office Box 1087
Colorado Springs, CO 80944
Telecopy: (719)520-4878

(PLEASE TYPE OR PRINT)

SHIPPER INFORMATION

1. Legal Name of Shipper: _____
2. Shipper's Address: P.O. Box/Zip _____
Street/Zip _____
City/State _____
3. Shipper's State of Incorporation: _____
4. Duns Number: _____
5. Name of Requesting Party: _____
Title: _____
Phone: _____

If employed by other than Shipper, please specify Requesting Party's:
Company Name _____
P.O. Box/Zip _____
Street/Zip _____
City/State _____

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

23. ~~COMPLIANCE PLAN REQUEST FOR TRANSPORTATION SERVICES AND AFFILIATE TRANSACTIONS~~ (Continued)

23.5 (Transportation Service Request Form (Continued))

6. Shipper is (check one of the following):

- | | |
|---|---|
| a. <input type="checkbox"/> Interstate Pipeline | e. <input type="checkbox"/> End-User |
| b. <input type="checkbox"/> Intrastate Pipeline* | f. <input type="checkbox"/> Producer |
| c. <input type="checkbox"/> Local Distribution Company* | g. <input type="checkbox"/> Marketer |
| d. <input type="checkbox"/> Hinshaw Pipeline* | h. <input type="checkbox"/> Other (Specify) |

*State(s) in which Shipper's natural gas system facilities are located:

7. This request is for (check one): New Service
 Amended Service Under
Contract # _____

If the request is for new service, please skip the Amended Service Request section.

If the request is for amended service, please complete the Affiliate Information and Amended Service Request sections only.

SERVICE/CONTRACT INFORMATION

1. Type of Transportation Service Requested (check one):

- Firm Transportation (Rate Schedule FT-1)
- Hourly Firm Transportation (Rate Schedule FT-H)
- Firm Daily Balancing (Rate Schedule FDBS)
- Daily No-Notice Firm Transportation (Rate Schedule NNT-D)
- Hourly No-Notice Firm Transportation (Rate Schedule NNT-H)
- Interruptible Transportation (Rate Schedule IT-1)
- Interruptible Hourly Swing Service (Rate Schedule IHSW)
(complete only 2, 6 & 7 below)
- Interruptible Storage Service (Rate Schedule ISS)
(complete only 2, 6 & 7 below)
- Parking and Lending Service (Rate Schedule PAL)
(complete only 2, 6 & 7 below)
- Delivery Point Operator Aggregation Service (Rate Schedule OPAS)
- Other

2. Date service is requested to commence: _____
Date service is requested to terminate: _____

Evergreen term requested: Yes No

~~3. Maximum daily contract quantity requested (please specify both):~~
 Mcf/d MMBtu/d

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

23. ~~COMPLIANCE PLAN REQUEST FOR TRANSPORTATION SERVICES AND AFFILIATE TRANSACTIONS~~ (Continued)

23.5 Transportation Service Request Form (Continued)

3. Maximum daily contract quantity requested: _____ Dth/d

Maximum parking contract quantity ~~(please specify both)~~ requested:
_____ Dth
_____ Mcf _____ MMBtu

Maximum lending contract quantity ~~(please specify both)~~ requested:
_____ Dth
_____ Mcf _____ MMBtu

Daily PAL contract quantity ~~(please specify both)~~ requested:
_____ Dth
_____ Mcf/d _____ MMBtu/d

4. Requested Receipt and Delivery Point(s) for service. Please list on attached Exhibit A.

5. Requested Transportation Path. Please list on attached Exhibit A.

6. Notices to: _____
Street or P.O. Box: _____
City, State, Zip: _____
Attention of: _____
Telephone: _____
Telecopy: _____

Invoices to: _____
Street or P.O. Box: _____
City, State, Zip: _____
Attention of: _____
Telephone: _____
Telecopy: _____

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

23. ~~COMPLIANCE PLAN REQUEST FOR TRANSPORTATION SERVICES AND AFFILIATE TRANSACTIONS~~ (Continued)

23.5 Transportation Service Request Form (Continued)

7. Name of Shipper's dispatcher for 24-hour contact: _____

Phone: _____ Telecopy: _____

RATE INFORMATION

Contact your ~~T&E Project Manager~~Representative in the ~~Mainline Transportation~~Marketing Department for discount requests.

FINANCIAL INFORMATION

~~El Paso requires each Shipper to provide financial statements (to include a balance sheet, income statement and statement of cash flow). The statements should be the most current available as of the date they are submitted. If audited financial statements are not available, then Shipper also should provide an attestation by its chief financial officer that the information shown in the unaudited statements submitted is true, correct and a fair representation of Shipper's financial condition.~~

El Paso requires each Shipper to establish creditworthiness according to the provisions of Sections 19 and 20 of the General Terms and Conditions.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

~~23. COMPLIANCE PLAN REQUEST FOR TRANSPORTATION SERVICES AND AFFILIATE TRANSACTIONS~~ (Continued)

~~Based on its review of Shipper's financial statements, El Paso may agree to waive any further credit requirements as a condition of service. Alternatively, El Paso may request Shipper to provide additional evidence of its creditworthiness, in which event Shipper may elect to provide one of the following:~~

~~— a clean irrevocable letter of credit in form and substance satisfactory to El Paso in a face amount equal to (i) the sum of the gas cost component of El Paso's sale for resale rates and the applicable unit transportation rate(s) specified in El Paso's Tariff for the service(s) which El Paso provides Shipper, (ii) multiplied by the maximum daily quantity specified in El Paso's 23.5 Transportation Service Agreement with Shipper, (iii) multiplied by 90; or Request Form (Continued)~~

~~— a guarantee, in form and substance satisfactory to El Paso, executed by a person whom El Paso deems creditworthy, of Shipper's performance of its obligations to El Paso under the Transportation Service Agreement; or~~

~~— such other form of security as Shipper may agree to provide and as may be acceptable to El Paso.~~

The FERC Gas Tariff of El Paso does not require the pipeline to provide transportation service on behalf of any Shipper who fails to demonstrate creditworthiness.

El Paso will treat the financial statements provided by Shipper as confidential.

AFFILIATE INFORMATION

1. Is Shipper affiliated with El Paso: _____ Yes _____ No

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

23. ~~COMPLIANCE PLAN REQUEST FOR TRANSPORTATION SERVICES AND AFFILIATE TRANSACTIONS~~ (Continued)

23.5 Transportation Service Request Form (Continued)

2. Is the Requesting Party (if other than Shipper) affiliated with El Paso:
_____ Yes _____ No

AMENDED SERVICE REQUEST

- 1. Addition of Receipt and Delivery Point(s) and Flow Path(s) -- Add the Receipt Point(s) identified on Exhibit A to Contract # _____.
- 2. ~~Addition of~~ and Delivery Point(s) ~~--- Add the Delivery Point(s) identified on Exhibit A to Contract # _____.~~ (Note addition of new Delivery Point(s) and end users generally will result in a new position in the first come/first served queue.)
3. ~~Addition of~~ Flow Path(s) ~~--- Add the Flow Path(s) identified on Exhibit A to Contract # _____.~~ # _____.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

~~23. COMPLIANCE PLAN REQUEST FOR TRANSPORTATION SERVICES AND AFFILIATE TRANSACTIONS~~ (Continued)

~~323.5 Transportation Service Request Form (Continued)~~

2. Increase the maximum daily delivery contract quantity under Contract # _____ to (specify both): _____ Mcf: _____ Dth/d _____ MMBtu/d. (Note an increase in the maximum daily contract quantity generally will result in a new position in the first come/first served queue.)

~~43.~~ Does Shipper request that service under Contract # _____ be converted from Subpart B to Subpart G service (check one):
_____ Yes _____ No

~~54.~~ Other requested service change(s): _____

* * *

Shipper hereby certifies that it has title or the right to ship the gas delivered to El Paso for transportation and has entered into or will enter into arrangements necessary to assure all upstream and downstream transportation will be in place prior to commencement of service.

Shipper also certifies that the information herein is complete and accurate to the best of Shipper's knowledge, information and belief.

Legal Name of Shipper: _____

By: _____
(Name and Title)

Date: _____

TRANSPORTATION GENERAL TERMS AND CONDITIONS
 (Continued)

23. ~~REQUEST FOR SERVICES COMPLIANCE PLAN FOR TRANSPORTATION SERVICES AND
 AFFILIATE TRANSACTIONS~~ (Continued)

EL PASO NATURAL GAS COMPANY

TRANSPORTATION SERVICE REQUEST FORM

EXHIBIT A

| Requested Receipt Point(s)* | <u>Requested Delivery Point(s)</u> | Requested Flow Path | Maximum Daily Quantity |
|-----------------------------------|--|---------------------------|------------------------------|
| ----- | ===== | ----- | ----- |
| _____ | _____ | _____ | _____ Mcf/d |
| _____ | _____ | _____ | _____ DthMMBtu/d |
| _____ | _____ | _____ | _____ Mcf/d |
| _____ | _____ | _____ | _____ DthMMBtu/d |
| _____ | _____ | _____ | _____ Mcf/d |
| _____ | _____ | _____ | _____ DthMMBtu/d |
| _____ | _____ | _____ | _____ Mcf/d |
| _____ | _____ | _____ | _____ DthMMBtu/d |
| _____ | _____ | _____ | _____ Mcf/d |
| _____ | _____ | _____ | _____ DthMMBtu/d |

* Use NAESB WGO Common Code.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

24. ORDER NO. 636 ELECTRONIC BULLETIN BOARD

- 24.1 El Paso's Electronic Bulletin Board ("EBB") is available at El Paso's designated Internet Web site at www.epenergyelpaso.com. El Paso's Internet Web site provides a portfolio of electronic business services to El Paso's customers. El Paso's EBB is available on a ~~non-not~~ unduly discriminatory basis to any party that has access to the Internet. Information concerning access to the EBB may be obtained by contacting PASSPORT Services at ~~(915) 496-2000-719~~ 520-4737. There is no charge to use the EBB.
- 24.2 El Paso's EBB shall provide such data as described in and shall be in compliance with FERC Order No. 636, et seq., by providing:
- ~~(a) a means for all firm shippers to post their "grandfathered" buy/sell transactions, for informational purposes only, for a period of thirty (30) days identifying price, terms and conditions and name of the parties; and~~
- ~~(b) a means for a releasing or acquiring Shipper electing to release all or a portion of its firm transportation rights in accordance with Section 28.4 and Section 28.5 contained in this Volume No. 1-A Tariff to advertise such release.~~
- 24.3 Parties wishing to bid on released capacity or to compete with pre-arranged offers shall post their bids through the EBB. Only those parties who are prequalified with respect to creditworthiness in accordance with Section 28.20 contained in El Paso's Volume No. 1-A Tariff may submit a bid during the open season in accordance with Section 28.9 contained in said Tariff.
- 24.4 The EBB shall contain information concerning the availability of capacity:
- (a) at receipt points;
 - (b) on the mainline;
 - (c) at delivery points; and

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

24. ORDER NO. 636 ELECTRONIC BULLETIN BOARD (Continued)

24.4 (Continued)

(d) whether the capacity is available from El Paso directly or through El Paso's Capacity Release Program set forth in Section 28 contained in this Volume No. 1-A Tariff.

24.5 El Paso shall post on the EBB notification of any of its uncommitted firm pipeline capacity.

24.6 El Paso shall post, daily, on the EBB notification of any unscheduled capacity available for interruptible transportation service, with bidding in accordance with the applicable provisions of Section ~~1922~~ contained in this Volume No. 1-A Tariff.

24.7 EBB users shall have access to all the information specifically identified in FERC Order Nos. 497 ~~and~~ 636, 637 and 2004. EBB access, including historical data, shall be available to state regulatory commissions and state consumer advocates on the same basis as any other party. ~~El~~ El Paso shall maintain backup copies of the data contained on its EBB for three years, which may be archived to off-line storage. Parties may access the on-line data directly through the EBB. In the event the data has been archived off-line, parties may request the data from Passport Services through Passport's electronic mail service, wherein such data shall be made available for downloading on user's computer. EBB users shall be allowed to download files so their contents can be reviewed in detail without tying up access to the EBB. Information on the most recent transactions shall be listed before older information. EBB users shall be able to split large files into smaller parts for ease of use. On-line help shall be available to assist the EBB users along with a search function allowing users to locate all information concerning a specific transaction, and menus that permit users to separately access ~~each record in the transportation log~~, offers to release capacity, capacity available directly from the pipeline, and standards of conduct information.

24.8 El Paso's currently effective Volume No. 1-A Tariff, as revised from time to time, is posted on El Paso's EBB. Therefore, El Paso shall provide paper copies of the effective tariff to customers and interested state commissions only when specifically requested.

24.9 ~~For the period January 1, 1998 through December 31, 2005, El Paso shall post on the EBB, on a monthly basis, the availability of Block II capacity. Such capacity is defined in Section 4.5(b)(ii) of the General Terms and Conditions of this Tariff~~Reserved.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

~~25. LONG TERM RATE STABILITY PLAN~~

25. Section 25 is Reserved for Future Use.

~~_____The Stipulation and Agreement at Docket No. RP95-363-000, et al., ("Docket No. RP95-363-000 Settlement") establishes El Paso's Long Term Rate Stability Plan for the period January 1, 1996, through December 31, 2005. Among other things, this Plan establishes the following provisions for service on El Paso's interstate pipeline system for the time periods specified.~~

~~25.1 _RESERVED FOR FUTURE USE.~~

~~25.2 Annual Inflation Adjustment~~

~~(a) Effective January 1, 1998, and on each anniversary date thereafter, El Paso shall increase the Operations and Maintenance (O&M) and Other Taxes portion of the Base Reservation and Usage Charges for Rate Schedule FT 1 and the Base Rates for Rate Schedule FT 2 ("Base Rates") in effect for the preceding year (such O&M and Other Taxes portion of such Rates or Charges being equal to 53.7% of the rates as of January 1, 1996) by 93% of the increase in the Implicit Price Deflator ("IPD") to the Gross Domestic Product ("GDP") as published by the Department of Commerce's Bureau of Economic Analysis ("BEA"), or a mutually agreed similar indicator should the GDP no longer be available on a continuing basis, or, failing such agreement, a similar indicator as approved by the Commission. The Rate Schedule IT 1 rates and Volume No. 2 rates, where applicable, shall be adjusted to correspond to the Rate Schedule FT 1 rates on a 100% load factor basis. Notwithstanding the above calculation, the annual increase in total Base Rates will not be less than 1% or more than 4 1/2% of the prior year's total Base Rates. The resulting rates shall become the Base Rates for purposes of applying the annual inflation adjustment for the succeeding year.~~

~~(b) For the annual inflation adjustment to be effective January 1, 1998, the most recently published final IPD prior to the inflation adjustment filing will be compared to the IPD reported by the BEA for the same period of the prior year to determine the annual change. For the rate change to be effective January 1, 1999, and thereafter, the most recently published final IPD prior to the inflation adjustment filing will be compared to the IPD used in the prior year's filing to determine the annual change. If the BEA modifies the~~

~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
~~(Continued)~~

~~25. LONG TERM RATE STABILITY PLAN (Contd.)~~

~~25.2 Annual Inflation Adjustment (Continued)~~

~~(b) (Continued)~~

~~benchmark index~~

~~Reserved for the IPD, then El Paso will future use the restated IPD reported by the BEA instead of the IPD used by El Paso in its last inflation adjustment filing. As an illustration of this calculation, if the final IPD for 1999 is 132.1 and the final IPD for 1998 was 129.0, the calculation would be $(132.1 - 129.0) / 129.0$, which equals an annual change in the IPD of 2.40%. Since 93% of 2.40% equals 2.23%, the adjustment factor is 2.23%.~~

~~•~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

~~26. FUEL ADJUSTMENT~~

~~26.1 The fuel charge for system wide forward haul transportation shall be 5% until superseded by a revised fuel charge as determined pursuant to this Section 26. El Paso shall file, within sixty (60) days of the filing of the Docket No. RP95-363-000 Settlement, to revise its fuel charge applicable to Rate Schedules FT-1, FT-1 and FT-2 based on fuel and delivered volumes during calendar years 1994 and 1995. This filing shall have a proposed effective date no later than January 1, 1997, and shall become effective upon Commission approval, but in any event shall apply no later than January 1, 1997. Thereafter, El Paso shall file to establish a new system wide fuel charge to be effective January 1, 1999, January 1, 2001, January 1, 2003, and January 1, 2005, based upon fuel experienced and volumes delivered during the 24 months ending six months prior to the proposed revision date. During the effectiveness of the Docket No. RP95-363-000 Settlement, in no event shall El Paso's system wide fuel charge for forward haul fuel exceed 5% of the volumes received. No differences between actual fuel and the quantities retained for fuel will be recovered or returned in a future surcharge. El Paso shall be at risk for any discounting.~~

~~26.2 During the term of the Docket No. RP95-363-000 Settlement, after making the adjustments set forth in Section 26.3 below, El Paso shall calculate its system wide fuel charge to be applied to forward haul transportation by dividing the applicable actual fuel usage by the sum of the applicable forward haul throughput and the applicable forward haul fuel, as follows:~~

$$\frac{\text{Fuel Charge}}{\text{Forward haul fuel}} = \frac{\text{Forward haul fuel}}{\text{(Forward haul throughput + Forward haul fuel)}}$$

~~Such forward haul fuel charge is set forth on the applicable Statement of Rates sheets and shall apply until superseded pursuant to Section 26.1.~~

~~26.3 Any volumes physically transported on El Paso's system that are not subject to one of the following exclusions shall be considered forward haul volumes, and fuel not allocated to the transactions described in this Section 26.3 shall be considered forward haul fuel.~~

26. FUEL AND L&U

26.1 Fuel and L&U consist of compressor station fuel and fuel for other utility purposes, including but not limited to line losses and other unaccounted-for gas in the operation of Transporter's pipeline system. Fuel and L&U shall be furnished in-kind by Shippers at each applicable receipt point.

26.2 The Fuel and L&U Percentages shall be stated on the Statement of Rates Sheet and shall apply to those Rate Schedules requiring assessment of Fuel and L&U.

(a) All transactions regardless of type will be assessed a Fuel and/or L&U charge.

(b) Fuel will be assessed on each segment where fuel is actually consumed.

26.3 The Fuel and L&U Percentages shall be recomputed at least annually using the procedures described in this section.

(a) El Paso shall file the proposed Fuel and L&U percentages to become effective on January 1 of each calendar year after appropriate FERC review and notice.

(i) For the Fuel and L&U percentages to be effective January 1, 2006, the data collection period used to establish the percentages will be the 12 months ending March 31, 2005.

(ii) For the Fuel and L&U Percentages to be effective January 1, 2007, the data collection period used to establish the percentages will be the 18 months ending the previous September 30, 2006. Commencing on January 1, 2008 and for each year after that, the data collection period will be the 12 months ending the previous September 30 except with regard to the Fuel and L&U Requirement Adjustments data collection periods described below.

(1) For the Fuel and L&U Requirement Adjustments ("Adjustment") described in Section 26.6, the data collection period will commence with January 1, 2006 production through September 30, 2006 for the percentages to be effective January 1, 2007. For each year after that, the Adjustment data collection period will be the 12 months ending the previous September 30.

annual filings shall be submitted at least 30 days prior to the proposed effective date of the proposed Fuel and L&U Percentages. The data collection period for such filings will be based on the most recent available 12 months of experience.

26.4 Fuel charges will be separated into the following defined categories: Mainline Fuel, Within-Basin Fuel, Permian to Anadarko Fuel, and Interruptible Storage Service Fuel. Any quantities physically transported on the system and related Fuel shall be considered mainline quantities and Mainline Fuel unless they fall into one of the following categories.

(a) Within-Basin Fuel - Fuel charges will be assessed on quantities physically transported where the receipts and deliveries occur within one supply basin (e.g. Anadarko, Permian, or San Juan). The quantities and related Fuel attributable to Within-Basin transportation shall be deducted from the total mainline quantities and related mainline Fuel for purposes of this section.

(b) Permian to Anadarko Fuel - Fuel charges will be assessed on quantities physically transported from the Permian Basin to the Anadarko Basin. The quantities and related Fuel consumed in providing this service shall be deducted from the total mainline quantities and related mainline Fuel so long as those stations are moving gas north/east from Plains Station.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

~~26. FUEL ADJUSTMENT (Continued)~~

~~26.3 (Continued)~~

~~Regardless of the results of this calculation, in no event shall the contracts listed in Section 26.4 be assessed fuel at a rate greater than 2.2% of the volumes received nor shall such contracts be given a fuel credit if PAWest exceeds SJEast during the effectiveness of the Docket No. RP95-363-000 Settlement.~~

~~(c) Shorthaul Transportation — Shorthaul transportation, as defined in the applicable Rate Schedules in this Tariff, is the forward haul transportation of gas for a distance of 100 miles or less. The volumes and fuel attributable to shorthaul transportation shall be deducted from the total forward haul volumes and fuel for purposes of this Section 26. The fuel charge applicable to production basin shorthaul volumes shall be determined by dividing the total fuel used within each production basin by the sum of the total basin throughput and the total basin fuel. In the event shorthaul service is provided outside the production basins, the fuel charge applicable to such shorthaul shall be no less than actual.~~

~~(d) Bondad Expansion Facilities Fuel — Volumes scheduled to the Bondad Expansion Delivery Point (either by expansion shippers on a primary basis or existing shippers on an alternate basis) shall be assessed a separate fuel charge, which is specified on Sheet No. 29 of this Tariff. The volumes and fuel attributable to the Bondad Expansion Project shall be deducted from the total forward haul volumes and fuel used to determine the forward haul fuel charge in accordance with this Section 26. Notwithstanding the provisions of Section 26.1 above, the Bondad Expansion fuel charge shall not change through the remaining term of the Docket No. RP95-363-000 Settlement.~~

~~26.4 El Paso shall allocate fuel as described in Section 26.3(b) above for the following contracts:~~

| Shipper Name | Contract No. |
|---|-------------------------|
| Amoco Energy Trading Corporation | 97JB |
| ASARCO, Inc. | 9834 |
| Big Lake, City of | 982C |
| CPEX, Inc. | 9822 |

26. FUEL AND L&U (Continued)

26.4 (Continued)

- (c) Interruptible Storage Service Fuel - Fuel will be assessed on quantities of gas injected into Washington Ranch related to storing gas for Shippers using this service. A description of this fuel component is found in Section 26.5.
- (d) Other services that provide transportation by displacement or backhaul where no Fuel is consumed will not be assessed Fuel and such transportation quantities shall not be included in the calculation of mainline quantities.

26.5 Interruptible Storage Service Fuel

- (a) Fuel charges related to Interruptible Storage Service, Rate Schedule ISS Fuel ("ISS Fuel"), shall be calculated using the share of Washington Ranch compression and dehydration fuel related to storing the interruptible volumes for Shippers under this service and will be deducted from the calculation of total mainline Fuel.
- (b) ISS Fuel will only be charged on injection quantities for this service.
- (c) Shippers electing to use ISS will be assessed separately for the applicable transportation Fuel and the L&U percentages for transportation service to Washington Ranch. When ISS gas is withdrawn from Washington Ranch and introduced into the transmission system, it will be recognized as a separate transaction and will be assessed the applicable transportation Fuel and L&U percentages.

26.6 Derivation of Fuel and L&U Percentages

- (a) The Mainline Fuel Percentage shall be equal to the sum of the Mainline Fuel Requirement, the Mainline Fuel Requirement Adjustment and the share of Washington Ranch compression and dehydration fuel ("WRf") related to the provision of system flexibility for transmission service (numerator) divided by the projected mainline receipt quantities related to the anticipated transportation service for Mainline Transportation during the upcoming period (denominator).

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

~~26. FUEL ADJUSTMENT (Continued)~~

~~26.4 (Continued)~~

| Shipper Name | Contract No. |
|--|-------------------------|
| Capitan Carrizozo Natural Gas Association | 982E |
| Corona, New Mexico, Village of | 9829 |
| Denver City, Texas, City of | 97ZF |
| Dumas, Texas, City of | 97ZQ |
| EMW Gas Association | 982K |
| El Paso Electric Company | 9827 |
| Goldsmith, Texas, City of | 9825 |
| Grandfalls, Texas, City of | 97ZN |
| Las Cruces, New Mexico, City of | 982M |
| McLean, Texas, City of | 97ZM |
| Meridian Oil Trading Inc. | 97J4 |
| Morton, Texas, City of | 97ZF |
| Mountainair, New Mexico, Town of | 983K |
| North Bailey Farmers' Cooperative | 97ZW |
| PNM Gas Services | 97VW |
| Plains, Texas, City of | 97ZE |
| Rio Grande Natural Gas Association | 9823 |
| Socorro, New Mexico, City of | 9828 |
| Southern Union Gas Company | 97VX |
| Spur, Texas, City of | 982R |
| Southdown, Inc. | 982Q |
| Sterling Natural Gas, Inc. | 982F |
| Texola, Texas, City of | 97Z8 |
| Westar Transmission Company | 982W |
| West Texas Gas, Inc. | 982V |
| Whiteface, Texas, City of | 97ZD |
| Zia Natural Gas Company | 97ZG |

~~26.5 If, by January 1 of any year in which a fuel charge adjustment is required pursuant to Section 26.1, the Commission has placed into effect subject to refund but has not yet approved the fuel charge to be effective on such date, El Paso shall refund, or Shippers shall pay, in kind, the difference between the fuel charge collected and that finally approved by the Commission under a schedule to be mutually agreed between El Paso and each Shipper involved.~~

26. FUEL AND L&U (Continued)

26.6(a) (Continued)

Mainline Fuel Requirement + Mainline Fuel Requirement
Adjustment + Wrf (only used in mainline fuel calculation)
Fuel charge = -----
Projected mainline receipt quantities related to the
anticipated transportation service for mainline
transportation

(i) The Mainline Fuel Requirement shall be the quantity of gas used by Transporter during the applicable data collection period that is required to support Mainline Transportation under all applicable Rate Schedules during the upcoming period. Transportation service involving transactions that do not involve the assessment of Fuel, as well as transactions charged based on actual Fuel used, will be adjusted to reflect the actual quantities collected.

(ii) The Mainline Fuel Requirement Adjustment shall be the quantity of gas which is the difference between: (i) the actual quantities of mainline Fuel experienced by Transporter during the applicable data collection period and (ii) the quantities of mainline gas retained for Fuel by Transporter during that period. In addition, when Transporter purchases or sells gas to maintain system linpack due to fuel recovery shortfalls or (overages), the adjustment will include the difference between the cost of such gas based on the Monthly System Cash Out Index Price for the month when the shortfall or (overage) occurred and the actual cost of gas that Transporter bought or sold. For purposes of this Adjustment, the difference in cost will be converted to gas quantities by dividing the total cost difference by the price per dth of the quantities bought or sold.

(iii) The Mainline Receipt Quantities shall be the quantity of gas moved during the applicable data collection period that is required to support Mainline Transportation service under all applicable Rate Schedules during the upcoming period.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

26. FUEL AND L&U (Continued)

26.6 (Continued)

- (b) The three Within-Basin Fuel Percentages (Anadarko, Permian, and San Juan) shall be calculated in the same manner as the Mainline Fuel Percentage, using the data described in Sections 26.4(a) and 26.6 in place of mainline data.
- (c) The Permian to Anadarko Transportation Fuel Percentage shall be calculated in the same manner as the Mainline Fuel Percentage, using the data described in Sections 26.4(b) and 26.6 in place of mainline data.
- (d) The ISS Fuel Percentage shall be calculated in the same manner as the mainline Fuel percentage, using the data described in Sections 26.5 and 26.6 in place of mainline data.
- (e) The derivation of the Fuel percentages described above shall include the fuel quantity attributable to electric compression facilities, if any. Electric fuel costs shall be converted to an equivalent quantity of gas by dividing Transporter's actual electric expenses during the data collection period by the Monthly System Cash Out Index Price for the appropriate month. This quantity of gas shall be included in the category; mainline, Within-Basin, Permian to Anadarko, or ISS Fuel where the electric expenses occurred.
- (f) The L&U Percentage shall be calculated in the same manner as the mainline Fuel percentage using L&U data in place of mainline data.

Sheet Nos. 325 through 329 reserved for future use.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

~~27. UNAUTHORIZED GAS~~
NEGOTIATED RATE AUTHORITY

27.1 Authority and Conditions. Notwithstanding anything to the contrary contained in this Tariff, including the rate schedules contained herein, El Paso and Shipper may agree to a rate or rates to be charged for service pursuant to any rate schedule contained in this Tariff (including rates derived from a formula) that may vary in form or level from the maximum-to-minimum ranges set forth on Statement of Rates sheets of this Tariff ("Negotiated Rate"). This provision does not allow El Paso and Shipper to negotiate terms and conditions of service.

- (a) El Paso's maximum applicable rates (plus all applicable surcharges) for service under any such rate schedule are available as recourse rates for any Shipper that elects not to negotiate a Negotiated Rate.
- (b) Negotiated Rates shall be mutually agreed to and set forth in writing.
- (c) El Paso and Shipper may agree to a Negotiated Rate for the entire term of a TSA, or may agree to a Negotiated Rate for some portion of the term of a TSA. El Paso and Shipper may agree to apply the Negotiated Rate to all or a portion of capacity under Shipper's TSA.
- (d) During the period a Negotiated Rate is in place, the Negotiated Rate shall govern and apply to El Paso's service under the TSA and the otherwise applicable rate, rate component, charge or credit shall not apply or be available to the Shipper. Only those rates, components, charges or credits which are 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 Tariff shall remain in effect. At the end of the period during which Negotiated Rates are in effect, the otherwise applicable Tariff rates or charges shall govern any service provided to Shipper.

~~27.1 Definition of Unauthorized Gas — Unauthorized Gas is natural gas that has not been scheduled as authorized to be received by El Paso, either for its own purchase under any gas purchase agreement, or for transportation to another market under any Transportation Service Agreement in accordance with the provisions of El Paso's FERC Gas Tariff.~~

~~Unauthorized Gas is distinguished from transportation imbalances which are excess volumes of natural gas delivered into El Paso's facilities from any source scheduled to a market in accordance with the provisions of this FERC Gas Tariff on any day when some lesser amount is expressly authorized to flow on that day pursuant to Section 4.1 of the General Terms and Conditions contained in this FERC Gas Tariff.~~

~~27.2 Unauthorized Gas Causing a Critical Situation— Upon notification from El Paso of a critical Unauthorized Gas situation, any party shall, within twenty four (24) hours, terminate any unauthorized flow into El Paso's facilities. El Paso shall have the right to shut in, physically, the source of any Unauthorized Gas. If, after the twenty four (24) hour notice period, any quantity of Unauthorized Gas continues to flow into El Paso's system, El Paso shall retain at no cost to itself and free of any obligation to account therefor in kind or otherwise to any person claiming an interest therein, the full quantity of Unauthorized Gas introduced into El Paso's facilities. A critical Unauthorized Gas situation shall apply only when El Paso, in good faith, has determined that the safety and/or integrity of its system is threatened. Nothing herein shall limit El Paso's right to take any other actions required to maintain the safety and integrity of its system operations.~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

27. ~~UNAUTHORIZED GAS (Continued)~~ NEGOTIATED RATE AUTHORITY (Continued)

27.1 Authority and Conditions. (Continued)

(e) Prior to or on the same day as commencing service at such Negotiated Rate, El Paso shall file either: (i) the Negotiated Rate agreement; or (ii) a tariff sheet advising the Commission of such Negotiated Rate agreement, stating the exact legal name of Shipper and specifying the actual Negotiated Rate or rate formula included in such agreement.

27.2 Impact on Other Provisions. A Shipper paying for service under a Negotiated Rate that is higher than the maximum rate for such service stated on the Statement of Rates sheets is deemed to have paid the maximum rate for purposes of scheduling and capacity allocation pursuant to Section 4, for purposes of evaluating right-of-first-refusal bids pursuant to Section 20.16, and for purposes of selling capacity pursuant to Section 22 of these General Terms and Conditions. The highest rate the Shipper must match for right-of-first-refusal matching purposes is the maximum rate set forth in this Tariff.

27.3 Accounting for Costs and Revenues. El Paso will maintain accounting records so that revenues can be tracked to each Negotiated Rate transaction.

27.4 Discount-Type Adjustment. Subject to the limitations set forth below, El Paso may seek to include Negotiated Rates in a discount-type adjustment to the level of El Paso's recourse rates in general rate changes initiated by El Paso under Section 4 of the Natural Gas Act and rate changes initiated by others under Section 5 of the Natural Gas Act. El Paso may seek to include 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 Negotiated Rate TSA(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 Negotiated Rate TSA 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.

~~27.2 Unauthorized Gas Causing a Critical Situation (Continued)~~

~~Until El Paso notifies the party(ies), either electronically or via facsimile, that the critical Unauthorized Gas situation has ended, the Unauthorized Gas penalty of retention of gas remains applicable~~

~~on each subsequent day without further notification and the party(ies) shall not resume or continue flow of Unauthorized Gas.~~

- ~~27.3 Notification of Unauthorized Gas Not Causing a Critical Situation—
After the end of each month El Paso shall send each operator a notice of Unauthorized Gas flow entitled "Statement of Unauthorized Gas Account Balances," or succeeding statement. Such notice shall include the volume, the receipt point(s) and the time frame in which the Unauthorized Gas was received into El Paso's system.~~
- ~~27.4 Unauthorized Gas Subsequent to the Effectiveness of this Section—
For any Unauthorized Gas volumes delivered to El Paso subsequent to the effectiveness of this section, and not retained because of a critical Unauthorized Gas situation on El Paso's system, said party shall have until the first day of the third month following the month of El Paso's notification ("Return Period") to resolve the Unauthorized Gas volumes; provided however, that any such resolution must be approved by El Paso. El Paso and the party agree to negotiate in good faith for resolution of the Unauthorized Gas and to commit in writing during the Return Period any mutually agreed upon resolution. If El Paso incorrectly classifies gas as Unauthorized Gas, El Paso will transfer such gas to the appropriate agreement and will not assess any penalties under this Section 27 on such volumes.~~
- ~~27.5 Unauthorized Gas Prior to the Effectiveness of this Section—
For any Unauthorized Gas volumes delivered to El Paso prior to the effectiveness of this section, said party shall have six (6) months after El Paso's notification ("Extended Return Period") to resolve the Unauthorized Gas volumes; provided however, that any such resolution must be approved by El Paso. El Paso and the party agree to negotiate in good faith for resolution of the Unauthorized Gas and to commit to writing during this Extended Return Period any mutually agreed upon resolution.~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

27. ~~UNAUTHORIZED GAS~~ NEGOTIATED RATE AUTHORITY (Continued)

~~27.6 Disposition of Unauthorized Gas — El Paso will approve resolution of Unauthorized Gas volumes described in Sections 27.4 and 27.5 above as follows:~~ 27.4 Discount-Type Adjustment (Continued)

~~(a) With El Paso's consent, proven owners of Unauthorized Gas may sell such Unauthorized Gas volumes to any party as long as said party causes the gas to be transported under an effective Transportation Service Agreement on El Paso's system. Unless waived by El Paso on a not unduly discriminatory basis, the party agrees to pay El Paso the Unauthorized Gas penalty of thirty cents (\$.30) per dth for the respective Unauthorized Gas volumes being purchased, plus any applicable transportation charge including fuel for redelivery. The penalty of thirty cents (\$.30) per dth shall not be applicable for Unauthorized Gas volumes delivered into El Paso's system prior to the effectiveness of this section.~~ (a) A discount adjustment to recourse rates shall only be allowed to the extent that El Paso can meet the standards required of an affiliate discount-type adjustment, including requiring that El Paso shall have the burden of proving that any discount granted is required to meet competition.

~~(b) If said Unauthorized Gas volumes are not resolved by a mutually agreed upon plan within the Return Period or the Extended Return Period, as appropriate, El Paso may retain such Unauthorized Gas volumes at no cost to itself and free of any obligation to account therefor in kind or otherwise to any person claiming an interest therein. El Paso shall not be required to demonstrate that any discount-type adjustment does not have an adverse impact on recourse rate Shippers by:~~

~~El Paso shall not assess more than one Unauthorized Gas penalty for the same infraction.~~ (i) Demonstrating that, in the absence of El Paso's entering into such non-conforming Negotiated Rate agreement providing for such discount, El Paso 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

~~27.7 Claiming Unauthorized Gas — To claim Unauthorized Gas volumes, the party shall submit a written plan for resolution thereof to El Paso within the Return Period or the Extended Return Period, as appropriate, along with proof of ownership.~~ (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.

~~27.8 Reporting and Payment of Royalty, Tax, or other Burdens—Shipper or its suppliers shall be responsible for reporting and payment of any royalty, tax, or other burdens on natural gas volumes received by El Paso and El Paso shall not be obligated to account for or pay such burdens.~~

(b) El Paso may also seek to include in a discount-type adjustment non-conforming Negotiated Rate TSAs that were converted from pre-existing discounted Part 284 TSAs to non-conforming Negotiated Rate TSAs.

~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
(Continued)

~~27. UNAUTHORIZED GAS (Continued)~~

~~27.9 Challenging El Paso's Classification of Unauthorized Gas— Any party claiming an interest in volumes of natural gas which El Paso has determined to be Unauthorized Gas may challenge that determination by the first day of the month following receipt from El Paso of the notice of Unauthorized Gas. Such challenge shall be in writing and include all documentation upon which such party relies to substantiate its challenge. El Paso shall hold such gas until a final determination has been reached as to the classification of the gas in question. If no such challenge is received by El Paso within the period specified, then El Paso's determination that the quantities in question were Unauthorized Gas shall be final. Upon a determination that El Paso incorrectly classified natural gas as unauthorized, El Paso shall correct all records and make gas available, subject to operational conditions, within sixty (60) days of such determination.~~

~~27.10 Accounting for Retained Unauthorized Gas and Penalties— El Paso shall record the value of the Unauthorized Gas retained (pursuant to Sections 27.2 and 27.6(b) of this tariff) and the penalty payments received by El Paso (pursuant to Section 27.6(a) of this tariff) in the appropriate revenue account. The Unauthorized Gas volumes retained shall be valued at the value determined for the month the Unauthorized Gas enters the El Paso system. The value of such retained Unauthorized Gas shall be based on the appropriate index price for each production basin (Anadarko, Permian or San Juan). Such calculation shall be in accordance with Sections 20.11(e)(i)(1), (2) or (3), respectively, of this tariff.~~

~~Any Shipper who has a valid Transportation Service Agreement providing for mainline transportation services shall be eligible to receive a share of the value of the Unauthorized Gas volumes retained (less production area charges and taxes and royalties, if applicable) and penalty payments received by El Paso. The Shipper's share shall be credited to the monthly transportation service invoice rendered by El Paso not later than 90 days after the month of retention or payment of the penalty. El Paso shall credit each Shipper, including any Acquiring Shipper, in proportion to the mainline charges billed to that Shipper less conditional credits pursuant to Section 28.18 of this tariff to the mainline charges billed to all Shippers in the month of crediting less such conditional credits.~~

El Paso Natural Gas Company
Second Revised Volume No. 1A

First Revised Sheet No. 333

Original Sheet No. 333

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Reserved for future use.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
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28. CAPACITY RELEASE PROGRAM

- 28.1 Purpose - This Section 28 sets forth the specific terms and conditions applicable to the implementation by El Paso of a Capacity Release Program on its interstate pipeline system.
- 28.2 Applicability - This Section 28 is applicable to any Shipper who has a Part 284 Transportation Service Agreement under ~~Rate Schedule FT-1~~ a firm rate schedule contained in this Volume No. 1-A Tariff, subject to the conditions of such rate schedule, or an Acquired Capacity Agreement (except for those Acquired Capacity Agreements providing for volumetric reservation charges) and who elects to release, subject to the Capacity Release Program set forth herein, all or a portion of its firm transportation rights. Shipper shall have the right to release any portion of the firm capacity rights held under a Transportation Service Agreement or an Acquired Capacity Agreement but only to the extent that the capacity so released is acquired by another Shipper pursuant to the provisions of this Section 28.
- (a) Any Rate Schedule FT-2 Shipper may release capacity provided that such shipper is willing to convert on a temporary basis, for a minimum term of one (1) month, to service under Rate Schedule FT-1. Notice of the intent to convert must be given to El Paso at least one (1) week prior to the beginning of the month(s) for which such conversion is to be effective. For purposes of determining capacity rights of such Shipper, El Paso will utilize either the Shipper's billing

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

28. CAPACITY RELEASE PROGRAM (Continued)

28.2 Applicability (Continued)

determinants established in the general rate proceeding applicable on the effective date of the conversion or a billing determinant negotiated by the parties.

28.3 Definitions - For purposes of this Section 28, the following definitions shall apply:

- (a) Releasing Shipper - any Shipper holding firm capacity rights under a Part 284 Transportation Service Agreement ~~under Rate Schedule FT-1~~, subject to the conditions of the applicable firm rate schedule, or an Acquired Capacity Agreement who desires to release such firm capacity rights to another Shipper pursuant to this Section 28.
- (b) Bidding Shipper - any Shipper who is qualified, pursuant to Section 28.20, to bid for capacity via El Paso's electronic bulletin board and who submits a bid for such capacity.
- (c) Pre-Arranged Shipper - any Shipper who is qualified, pursuant to Section 28.20, and seeks to acquire capacity under a pre-arranged release for which notice is given pursuant to Section 28.5.
- (d) Acquiring Shipper - any Shipper who acquires released capacity rights from a Releasing Shipper.
- (e) Firm Recallable Capacity - firm capacity released subject to the Releasing Shipper's right to recall such capacity during the term of the release.
- (f) Acquired Capacity Agreement - an agreement between El Paso and the Acquiring Shipper setting forth rate(s) and the terms and conditions of service for using capacity rights acquired pursuant to this Section 28, in the form contained in Section 28.25 of this Volume No. 1-A Tariff.

28.4 Notice by Shipper Electing to Release Capacity - A Releasing Shipper shall deliver a notice via El Paso's electronic bulletin board that it elects to release firm capacity. The notice shall set forth:

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

28. CAPACITY RELEASE PROGRAM (Continued)

28.4 Notice by Shipper Electing to Release Capacity (Continued)

- (a) Releasing Shipper's legal name, DUNS number, contract number, and the name and title of the individual responsible for authorizing the release of capacity;
- (b) the maximum and minimum (if desired) quantity of firm daily capacity which the Releasing Shipper desires to release, stated in ~~Month~~Month/d;
- (c) the receipt and delivery point(s) at which the Releasing Shipper will release capacity identified by NAESB Common Code and the related Flow Path, for which the firm capacity is to be released (Shipper may only release Primary Receipt-to-Delivery Flow Path rights);
- (d) whether capacity will be released on a firm or firm recallable basis and, if on a firm recallable basis, the terms on which the capacity can be recalled, as well as the terms on which the recalled capacity will be returned to the Acquiring Shipper if such capacity may be returned, and whether the Acquiring Shipper has the option to accept such returned capacity, which terms must be objectively stated, ~~non-~~not unduly discriminatory and applicable to all bidders.

A Transportation Service Provider should support the ability for the Releasing Shipper to specify, as a condition of a release, whether the Releasing Shipper's recall notification must be provided exclusively on a Business Day (NAESB WGQ Standard 5.3.51 - adopted by Recommendation R02002);

- (e) the requested effective date and the term of the release;
- (f) whether the Releasing Shipper is willing to consider release for a shorter time period than that specified in Section 28.4(e) above, and, if so, the minimum (if desired) acceptable period of release;
- (g) whether the Releasing Shipper desires bids in dollars or as a percentage of El Paso's maximum reservation charge(s) and reservation surcharge(s) applicable to the capacity to be released under this Volume No. 1--A Tariff as in effect from time to time;
- (h) the maximum reservation charge(s) and reservation surcharge(s) applicable to the capacity being released as shown on El Paso's Statement of Rates applicable to the Releasing Shipper's Transportation Service Agreement or Acquired Capacity Agreement and whether the Releasing Shipper is willing to consider releasing capacity at a lower ~~or higher~~ rate, ~~as provided for in Section 28.16(d)~~;

TRANSPORTATION GENERAL TERMS AND CONDITIONS
 (Continued)

28. CAPACITY RELEASE PROGRAM (Continued)

28.10 Awarding of Released Capacity (Continued)

(b) (Continued)

(ii) OPTION 1 - Weighted Composite Bid Calculation

| | Releasing Shipper's Assigned Bid Weighting (%) (a) | Releasing Shipper's Maximum Bid Values (b) | Bidding Shipper's Actual Bid Values (c) | Bidding Shipper's Actual Bid Weighting (%) (d) |
|---|--|--|---|---|
| (1) Volume in Mcf <u>Dth</u> | | | | |
| (2) Term Stated in Months | | | | |
| (3) Reservation Charge(s) and Reservation Surcharge(s) | | | | |
| Actual Weighted Composite Bid | | | | _____ _____% |

* $d = c/b \times a$

(iii) OPTION 2 - Net Present Value Calculation

$$R \times \frac{1 - (1 + i)^{-n}}{i} \times V = \text{present value}$$

where: i = interest rate per month using the current Commission
 interest rate as defined in 18 C.F.R. Section
 154.501(d)(1)
 n = term of the agreement, in months
 R = the Reservation Charge(s) and Reservation Surcharge(s)
 bid
 V = volume stated in dth

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

28. CAPACITY RELEASE PROGRAM (Continued)

28.10 Awarding of Released Capacity (Continued)

—(b) (Continued)

(iv) OPTION 3 - Releasing Shipper's Criteria

Releasing Shipper shall specify how bids are to be evaluated to determine which is the best offer and must include all criteria necessary to enable El Paso to evaluate any contingent or non-contingent bids. The criteria must be objectively stated, applicable to all potential bidders and ~~non-not~~ unduly discriminatory. Such criteria shall also include provisions describing how capacity shall be allocated in the event two or more bids are ranked equally. If Releasing Shipper elects this option, the evaluation period specified in Section 28.8(b) shall be extended by one business day.

~~—(v) OPTION 4 - First Come/First Served~~

~~Capacity shall be awarded on a first come/first served basis as bids are received, up to maximum capacity specified in the notice of release, to the Acquiring Shipper(s) who submits a bid meeting the minimum terms and conditions of the release. Option 4 shall only apply to capacity to be released for a term of thirty one (31) days or less which is not subject to a pre arranged release or a contingency.~~

~~(vi) OPTION 5 - Highest Rate~~

~~Capacity shall be awarded to the Acquiring Shipper submitting the highest bid rate that meets the minimum terms and conditions of the release.~~

(vi±) OPTION ~~6~~5 - Net Revenue Calculation

$$R \times N \times V = \text{Net Revenue}$$

where: R = the Reservation Charge(s) and
Reservation Surcharge(s)
N = term of the agreement, in months
V = volume stated in dth

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

28. CAPACITY RELEASE PROGRAM (Continued)

28.10 Awarding of Released Capacity (Continued)

(g) (Continued)

execution of the Acquired Capacity Agreement described in Section 28.11 hereof if that is the effective date specified by the Releasing Shipper. If a pre-arranged release is for less than the maximum reservation charge(s) and reservation surcharge(s) or does not meet all other terms and conditions required by the Releasing Shipper, an open season is required pursuant to Section 28.8. If a better offer is received during the open season, the Pre-Arranged Shipper shall have the time specified in Section 28.8 hereof to match that offer and if the offer is matched, the Pre-Arranged Shipper shall become the Acquiring Shipper. If the Pre-Arranged Shipper fails to match the better offer, then the Bidding Shipper who presented the better offer shall become the Acquiring Shipper.

- (h) A Releasing Shipper shall retain all of the capacity under the ~~executed~~Executed Transportation Service Agreement or Acquired Capacity Agreement that is not acquired by an Acquiring Shipper as the result of an open season or a pre-arranged release.

28.11 Execution of Agreements

- (a) El Paso will provide one Master Replacement Agreement to each Acquiring Shipper on El Paso's system to be executed in paper form. The Master Replacement Agreement will evidence the intent of the parties that the Master Replacement Agreement, in combination with information stored electronically on all future capacity release transactions involving the Acquiring Shipper, will comprise the contractual agreement of the parties. ~~Once a capacity release transaction has been executed, the terms of such transaction are not subject to amendment.~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

28. CAPACITY RELEASE PROGRAM (Continued)

28.11 Execution of Agreements -(Continued)

(c) ~~(Contd.)~~ (Continued)

the Releasing Shipper's Transportation Service Agreement is amended to reflect the release of capacity, El Paso shall enter into a Transportation Service Agreement with the Acquiring Shipper in the form prescribed for service under Rate Schedule FT-1 but containing the rates and terms and conditions established for the acquired capacity pursuant to this Section 28.

In any event, El Paso may, on a not unduly discriminatory basis, refuse to allow such a release (i.e., a permanent release) if it has a reasonable basis to conclude that it will not be financially indifferent to the release. El Paso shall provide written notification and the reasons for any denial of a request for permanent release to the affected Releasing Shipper.

28.12 Notice of Completed Transactions - Within five (5) business days after capacity has been awarded pursuant to Section 28.10, El Paso shall post the information identified below regarding each transaction on its electronic bulletin board for a period of five (5) business days.

- (a) term;
- (b) reservation charge(s) and reservation surcharge(s) as bid;
- (c) receipt and delivery points, and Flow Path;

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

28. CAPACITY RELEASE PROGRAM (Continued)

28.12 Notice of Completed Transactions (Continued)

- (d) volume in ~~Month~~Month;
- (e) whether the capacity is firm or firm recallable;
- (f) all conditions, including any minimums, concerning the release;
- (g) the names of the Releasing Shipper and the Acquiring Shipper;
and
- (h) whether or not the Acquiring Shipper is an affiliate of the Releasing Shipper or El Paso.

28.13 Effective Date of Release and Acquisition - The effective date of the release by a Releasing Shipper and acquisition by an Acquiring Shipper shall be on the date so designated in the Acquired Capacity Agreement or Transportation Service Agreement referenced in Section 28.11 above.

~~28.14 Notice by El Paso of Uncommitted or Recalled Firm Capacity~~

- ~~(a) In the event El Paso determines that it has any uncommitted firm capacity on its system, or it becomes necessary to recall capacity on its system, El Paso shall post on its electronic bulletin board a notice of the availability of such capacity, setting forth the same information as prescribed in Section 28.4 or Section 28.5, as applicable. The capacity shall be awarded using the procedures specified by Sections 28.8 and 28.10.~~
- ~~(b) Pre arranged Shippers are permitted to match tied bids pursuant to 28.10(g). El Paso shall not be obligated to accept any bid for uncommitted capacity that is for less than the maximum reservation charge(s) and reservation surcharge(s) specified in this Volume No. 1 A Tariff as in effect from time to time. El Paso shall be permitted to use the same provisions for posting and awarding of uncommitted or recalled capacity as Releasing Shippers are permitted to use under this Section 28.~~
- ~~(c) Notwithstanding anything to the contrary stated in this Section 28, El Paso and Shipper may negotiate rates that exceed the maximum reservation or usage rates pursuant to Section 4.5 in Rate Schedule FT 1 of this Tariff. For Reserved~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

28. CAPACITY RELEASE PROGRAM (Continued)

~~28.14 Notice by El Paso of Uncommitted Firm Capacity (Continued)~~

~~(c) (Continued)~~

~~_____ purposes of evaluating bids, El Paso will award capacity pursuant to the evaluation criteria of Section 28.10(b), and will include any contractual usage revenue commitments in the application of such criteria.~~

28.15 Notice of Offer to Purchase Capacity—2. In the event a party desires to purchase capacity on El Paso's system, it may post a notice of offer to purchase capacity on El Paso's electronic bulletin board or, if such party is not currently authorized to access the electronic bulletin board and elects to provide El Paso with the information in some other form, El Paso shall post such offer on its electronic bulletin board within twenty-four (24) hours of receipt of such offer. The offering party may furnish all data for posting which it deems appropriate but at a minimum such data shall include the following:

- (i) offering party's legal name, DUNS number, address, and person to contact for additional information;
- (ii) the term of the proposed purchase;
- (iii) the maximum reservation charge(s) and reservation surcharge(s) the party is willing to pay for the capacity;
- (iv) the volume desired; and
- (v) the receipt and delivery points identified by NAESB Common Code, and Flow Path.

28.16 Rates

- (a) The reservation charge(s) and reservation surcharge(s) for any released firm capacity shall be the reservation charge(s) and reservation surcharge(s) bid by the Acquiring Shipper, but in no event shall such reservation charge(s) and reservation surcharge(s) be less than El Paso's minimum or more than El Paso's maximum reservation charge(s) and reservation surcharge(s), ~~except as provided for in Section 28.16(d)~~, under the applicable rate schedule as in effect from time to time. In addition, Acquiring Shipper shall pay the maximum usage charge as well as all other applicable charges

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

28. CAPACITY RELEASE PROGRAM (Continued)

28.16 Rates (Continued)

(a) (Continued)

and surcharge(s) for the service rendered unless discounted by El Paso. For a volumetric reservation charge, the sum of the reservation charge(s) and reservation surcharge(s) shall be converted to a daily rate by multiplying the Monthly Reservation Charge by 12 and then dividing by 365.

(b) In the event that the Releasing Shipper has agreed to a negotiated rate pursuant to Section ~~28.14~~27, the Acquiring Shipper shall pay the usage charge(s) applicable to the Releasing Shipper's contract.

~~(c) RESERVED.~~

28.17 Marketing Fee - When a Releasing Shipper requests that El Paso actively market the capacity to be released, the Releasing Shipper and El Paso shall negotiate the terms of the marketing service to be provided by El Paso and the marketing fee to be charged therefor.

28.18 Billing - El Paso shall bill the Acquiring Shipper the rate(s) specified in the Acquired Capacity Agreement or the Transportation Service Agreement and any other applicable charges and such Acquiring Shipper shall pay the billed amounts directly to El Paso. Further, the Acquiring Shipper who has acquired capacity on a volumetric reservation rate basis shall be billed the daily reservation rate(s) plus the usage rate(s) and all applicable surcharges times the volumes actually transported. Releasing Shipper shall be billed the reservation charge(s) and reservation surcharge(s) associated with the released capacity pursuant to its ~~contract, with TSA.~~ The Releasing Shipper shall receive a concurrent conditional credit for payment of the temporary capacity releases equal to the reservation charge(s) and reservation surcharge(s) due from the Acquiring Shipper less any marketing fee, if applicable. As a part of the Marketing Fee, El Paso and the Releasing Shipper may agree to a different crediting amount. This bill shall include an itemization of credits and adjustments associated with each Acquired Capacity Agreement. Releasing Shipper shall also be billed a marketing fee, if applicable, pursuant to the provisions of Section 28.17.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

28. CAPACITY RELEASE PROGRAM (Continued)

28.19 Nominations, Scheduling and Recalls (Continued)

- (e) Releasing Shipper, when returning recalled capacity to the Acquiring Shipper(s), shall give El Paso and such Acquiring Shipper(s) notice of its intent to repute the capacity back to the Acquiring Shipper. The deadline for notifying the Transportation Service Provider of a repute is 8:00 a.m. to allow for timely nominations to flow on the next gas day (NAESB WGQ Standard 5.3.54 - adopted by Recommendation R02002). When capacity is recalled, it may not be repute for the same gas day (NAESB WGQ Standard 5.3.53 - adopted by Recommendation R02002).
- (f) El Paso shall not assess penalties during non-critical periods on transactions related to quantities recalled during an intraday scheduling cycle.

- 28.20 Qualification for Participation in the Capacity Release Program - Program - Any Shipper wishing to become a Bidding Shipper, or a potential Pre-Arranged Shipper, must satisfy the creditworthiness requirements of El Paso's transportation tariff by pre-qualifying prior to submitting a bid for capacity or prior to becoming a party to a pre-arranged release. Once a Shipper becomes an Acquiring Shipper, such Shipper can be subject to ~~an annual~~ a periodic credit review with respect to its eligibility to make additional bids on other offers of released capacity. A Shipper cannot bid for services which exceed its qualified level of creditworthiness. Notwithstanding such qualification to participate in the open season, El Paso does not guarantee the payment of any outstanding amounts by an Acquiring Shipper.
- 28.21 Compliance by Acquiring Shipper - By acquiring released capacity, an Acquiring Shipper agrees that it will comply with the terms and conditions of El Paso's certificate of public convenience and necessity authorizing this Capacity Release Program and all applicable Commission orders and regulations, including Part 284 thereof. Such Acquiring Shipper also agrees to be responsible to El Paso for compliance with all terms and conditions of El Paso's Volume No. 1-A Tariff, as well as the terms and conditions of the Acquired Capacity Agreement. End user lists shall not be required.
- 28.22 Obligations of Releasing Shipper - The Releasing Shipper shall continue to be liable and responsible for all reservation charge(s) and reservation surcharge(s) associated with the released capacity up to the maximum reservation charge(s) and reservation surcharge(s) specified in such Releasing Shipper's Transportation Service Agreement or Acquired Capacity Agreement. Re-releases by an Acquiring Shipper shall not relieve the original or any subsequent Releasing Shipper of its obligations under this section.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
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28. CAPACITY RELEASE PROGRAM (Continued)

28.25 Acquired Capacity Agreement (Continued)

1. Acquiring Shipper agrees to comply with the terms and conditions of El Paso's certificate of public convenience and necessity issued by the Commission authorizing El Paso's Capacity Release Program and with Section 28 of the General Terms and Conditions contained in El Paso's Volume No. 1-A Tariff. In addition, Acquiring Shipper agrees to comply with all other terms and conditions of said Volume No. 1-A Tariff as well as the terms and conditions set forth herein.
2. The following capacity rights, which are released through the Capacity Release Program, are acquired at the ~~Receipt Point~~receipt point(s), ~~Delivery Point~~delivery point(s), and Flow Path designated below:

Receipt Point(s):

Delivery Point(s):

Flow Path:

The ~~Receipt~~receipt and ~~Delivery Points~~delivery points as specified in the Notice posted pursuant to Sections 28.4 or 28.5 of El Paso's Volume No. 1-A Tariff. If the Releasing Shipper expressly permits the Acquiring Shipper to re-designate the primary ~~Receipt~~receipt and ~~Delivery Points~~delivery points specified in the Notice, then the Acquiring Shipper may designate any primary ~~Receipt~~receipt and ~~Delivery Points~~delivery points and related Flow Path within the same zone or another zone subject to Section ~~1.1620.14(c)~~20.14(c) of this Tariff, to the extent that capacity is available on such Flow Path and at such point(s).

Contract Volume _____ ~~Mcf (for billing the reservation charge(s) and reservation surcharge(s), this volume shall be converted to dekatherms)~~Dth

3. Capacity acquired hereunder is released through the Capacity Release Program on a (firm or firm recallable) basis.

The Acquiring Shipper acknowledges notice of and agrees to be bound by the terms of the Notice posted pursuant to Sections 28.4 or 28.5 of El Paso's Volume No. 1-A Tariff, as regards to the terms on which this capacity can be recalled by the

Releasing Shipper. Releasing Shipper is responsible for exercising such recall, in accordance with the

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

28. CAPACITY RELEASE PROGRAM (Continued)

28.25 Acquired Capacity Agreement (Continued)

3. (Continued)

provisions of Section 28.19 of El Paso's Volume No. 1-A
Tariff.

(The foregoing paragraph shall be applicable to Acquiring
Shipper(s) who acquire firm recallable capacity.)

4. For capacity acquired hereunder, Acquiring Shipper shall pay
El Paso each month the charges set forth below: _____
_____.

5. This Agreement shall become effective on _____ and
continue in full force and effect through _____ unless
terminated pursuant to Section 28.18 of El Paso's Volume No.
1-A Tariff.

6. Other terms:

As specified in the Notice posted pursuant to Sections 28.4
or 28.5 of El Paso's Volume No. 1-A Tariff.

7. Any formal notice, request or demand that either party gives
to the other respecting this Agreement, shall be in writing
and shall be mailed by registered or certified mail or
delivered by hand to the following address of the other
party:

El Paso: El Paso Natural Gas Company
Post Office Box ~~1492~~1087
~~El Paso, Texas 79978~~
Colorado Springs, CO 80944
Attention: Director, ~~Mainline Transportation~~
~~and Customer Services~~Marketing Department

Acquiring Shipper:

Notices regarding recall rights shall also be delivered by
telephone, facsimile, or El Paso's electronic system.

8. Acquiring Shipper hereby certifies that it has title or the
right to ship the gas delivered to El Paso for transportation
and has entered into or will enter into arrangements
necessary to assure all upstream and downstream
transportation will be in place prior to commencement of
service.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

28. CAPACITY RELEASE PROGRAM (Continued)

28.26 Right to Terminate a Temporary Capacity Release

(a) Using the notice procedures of Section 6.5 of the General Terms and Conditions, El Paso may elect to terminate an Acquired Capacity Agreement upon 30 Days written notice to the Acquiring Shipper, and to FERC, under the following conditions.

(1) El Paso has or will terminate the Releasing Shipper's service pursuant to: (i) the Termination of Service provisions of Section 6.5 of the General Terms and Conditions, or (ii) the creditworthiness requirements of this Tariff; and

(2) The rate stated in the Acquired Capacity Agreement is less than the rate for service under the TSA with the Releasing Shipper.

(b) A creditworthy Acquiring Shipper may continue an existing Acquired Capacity Agreement by notifying El Paso prior to the end of the 30-Day notice period that it agrees to pay a rate that is the lesser of:

(1) the applicable maximum rate; or

(2) the same rate as is in the TSA between El Paso and the Releasing Shipper; or

(3) a mutually agreed upon rate.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

30. ASSIGNMENT OF FIRM CAPACITY ON UPSTREAM PIPELINES
DELIVERY CODES

~~30.1 Purpose~~—This Section 30 sets forth the terms and conditions under which El Paso shall assign, in whole or in part, the rights and obligations under contracts held by El Paso for firm capacity on upstream jurisdictional pipelines.~~30.1~~ Scheduling will be conducted at the meter level for all TSAs except where there exists an effective Operator Point Aggregation Service Agreement ("OPASA") with the delivery point Operator ("DP Operator") under Rate Schedule OPAS.

~~30.2 Applicability~~—This Section 30 shall apply to any firm Shipper who accepts assignment of any or all of El Paso's firm transportation capacity rights described in Section 30.1 above.~~30.2~~ Where Section 30.1 has been satisfied, any other Shipper may request service to that delivery point and use the delivery code ("D-Code") arrangement described here, provided that all the other conditions of this Section 30 have been met. Delivery meters may be grouped into D-Codes; however, the use of D-Codes may not adversely affect the firm rights of other Shippers or firm service reliability.

~~30.3 Availability of Capacity~~—El Paso's firm upstream capacity shall be made available on a nondiscriminatory basis and shall be assigned on the basis of an open season in accordance with the procedures described in Section 30.6 below.~~(a) Transporter shall assign D-Codes to Shippers based on the following criteria:~~

~~30.4 Permanent Assignment~~—All assignments pursuant to this Section 30 shall be for the entire remaining term of El Paso's contract with such upstream pipeline.

~~30.5 Rate~~—The rate for such assigned capacity shall be as established by the tariff of such upstream pipeline or as otherwise negotiated between the Shipper and upstream pipeline. El Paso shall not charge any fee in connection with the assignment of its capacity on the upstream pipeline.

~~30.6 Open Season~~—Upon the effectiveness of this Section 30, El Paso shall conduct an open season for a period of fifteen (15) days by posting a notice of such availability on its electronic bulletin board. In order for a Shipper to participate in this open season, Shipper shall submit to El Paso a completed bid in the form set forth in Section 30.9 below.

~~If Shippers' requests for capacity exceed the available firm capacity during the open season, such capacity shall be allocated~~

~~among the requesting Shippers based on a lottery. After the open season, El Paso will allocate all requests for available capacity on a first come/first served basis.~~

~~30.7 Qualifications for Assignment Shipper must satisfy any applicable requirements of the upstream pipeline's tariff, including creditworthiness.~~

- ~~i. D-Codes must have a similar operational impact on Transporter's system;~~
- ~~ii. D-Codes may not traverse a persistent system constraint point; and~~
- ~~iii. No Shipper or other Interconnecting Party shall be disadvantaged as a result of a D-Code.~~
- ~~iv. D-Code locations must be operated by the same party.~~

~~(b) Transporter shall grant requests for D-Codes in a not unduly discriminatory manner.~~

30.3 The OPASA identified in Section 30.1 shall identify a Maximum Delivery Obligation ("MDO") at each delivery meter providing service to that DP Operator and such other conditions as necessary to ensure the reliability of firm service to all shippers.

(a) The MDO for a delivery point shall not exceed the meter capacity at that point or the upstream capacity available on a firm basis to serve that DP Operator.

(b) The daily MDO shall be converted to hourly obligations by dividing by the hourly profile provided in any hourly rate schedule serving that delivery point, or by 24 (where no hourly services are involved).

(c) Operators may utilize different delivery meters within their designated D-Code; however, Transporter shall have no obligation to provide service above the MDO at any individual location or the applicable MDQ for that D-code.

~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
~~(Continued)~~

~~30. ASSIGNMENT OF FIRM CAPACITY ON UPSTREAM PIPELINES (Continued)~~

~~30.8 Reporting Requirements — El Paso and any Shipper accepting assignment of capacity obtained from El Paso pursuant to this Section 30 shall file with the Commission the following information:~~

- ~~(1) the name, address, and telephone number of the assignee;~~
- ~~(2) the corporate affiliation between the assignor and the assignee, if any; and~~
- ~~(3) a description of the specific rights assigned, including term, receipt and delivery points, and volume.~~

~~30.9 Bid Form —~~

- ~~1. Company Name _____~~
- ~~2. Mailing Address _____~~
- ~~3. Name of Company
Contact/Title _____~~
- ~~4. Phone & FAX No. Phone _____ FAX _____~~
- ~~5. Upstream Contract _____~~
- ~~6. Contract Quantity _____~~
- ~~7. Receipt Point(s) _____~~

- ~~8. Requested Begin
Date _____~~

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Second Revised Volume No. 1A

First Revised Sheet No. 359

Original Sheet No. 359

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Issued: May 23, 1994

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Reserved for future use.

~~TRANSPORTATION GENERAL TERMS AND CONDITIONS~~
~~(Continued)~~

~~30. ASSIGNMENT OF FIRM CAPACITY ON UPSTREAM PIPELINES (Continued)~~

~~30.9 Bid Form (Continued)~~

~~Shipper represents that all information submitted with this bid is correct and is submitted by its authorized representative. Bids are binding only when a fully executed Assignment Agreement has been returned to El Paso.~~

~~9. Signature _____~~

~~10. Print Name _____~~

~~11. Title _____~~

~~12. Date _____~~

Reserved for future use.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

32. IMBALANCE MANAGEMENT (Continued)

32.3(Continued)

- (e) Total cash out revenues received that are in excess of El Paso's gas costs during a calendar year pursuant to the operation of this section shall be credited to El Paso's firm and interruptible transportation Shippers on a pro rata basis based on the total transportation revenues paid by each Shipper.
- (1) If El Paso buys gas quantities to maintain system linepack as a result of the cash-out of imbalances owed to El Paso, the difference between the cost of gas based on the Monthly Cash-Out Index Price (i) when the cash-outs occurred and (ii) when El Paso bought gas to maintain linepack shall be included in the determination of the gas costs described in Section 32.3(e).
- (2) The credit, if any, shall be made not later than the March accounting month following the applicable calendar year end.
- (3) Interest shall be accrued at rates set pursuant to 18 C.F.R. Section 154.501(d)(1).
- (4) Gas costs exceeding total cash out revenues received during a calendar year shall be transferred to the next calendar year for offset against future cash out revenues.

~~(e) El Paso will retain any Cash Out monies collected as reimbursement of costs for obtaining gas supply to manage system imbalances.~~

~~(f) Beginning fifteen months after implementation of this Section 32.3, El Paso will file with the Commission and serve on its Shippers an annual report (that will be subject to the comments of Shippers) showing twelve months of data detailing all imbalance and cash out activity. Shippers shall have the opportunity to intervene and comment on such report and/or request a change to the retention of revenues and reimbursement of costs associated with the cash out of monthly imbalances.~~

- 32.4 Maintenance of System Integrity. Nothing in this Tariff limits El Paso's right to take action that may be required to adjust receipts and deliveries of gas in order to alleviate conditions that

threaten the integrity of its system, including maintenance of service to higher-priority Shippers.

- 32.5 Penalty Waiver. El Paso may, in exercise of its reasonable discretion, and on a ~~non~~not unduly discriminatory basis, waive all or a part of any penalty which might otherwise apply. El Paso shall maintain a record of all waivers granted.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

32. IMBALANCE MANAGEMENT (Continued)

32.6 Daily Variance Charge

- (a) Confirmed gas quantities scheduled by Transporter at a delivery point that are not taken by Shipper at such point shall be deemed to be a Daily Variance. The Daily Variance Quantity shall be subject to the Daily Variance Charge (non-Critical or Critical, as applicable) except as provided in Section 32.6(b) below. Shipper shall pay an amount obtained by multiplying the Daily Variance Quantity by the Daily Variance rate set forth in Section 32.6(c) below.
- (b) Daily Variance Quantities shall not be subject to the Daily Variance Charge in the following situations:
- (i) If the Daily Variance Quantity is equal to or less than 2,000 dth.
 - (ii) If the Daily Variance Quantity is less than 7% of Shipper's scheduled quantity at such point during non-Critical Conditions or 3% of Shipper's scheduled quantity at such point during a Critical Condition.
 - (iii) If the Daily Variance Quantity is the result of a confirmed payback nomination resolving an imbalance.
 - (iv) If the Daily Variance Quantity is the result of Shipper's compliance with a Critical Condition notice.
 - (v) If the Daily Variance Quantity is the result of a catch-up nomination pursuant to General Terms and Conditions Section 33.1.
- (c) Daily Variance rate:
-
- (i) Non-Critical Condition - the applicable Rate Schedule IT-1 rate.
 - (ii) Critical Condition - ten times the Monthly System Cash Out Index price calculated pursuant to 32.3(c)(iii) above.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

33. STRAINED AND CRITICAL OPERATING CONDITION PROCEDURES

Imbalance - For purposes of this section, "imbalance" shall mean the difference between the scheduled quantity and the quantity measured at receipt and/or delivery points. -The "daily imbalance quantity" is the difference between the scheduled quantity and the quantity measured at a receipt and/or delivery point for a Gas Day.

33.1 A Strained Operating Condition ("SOC") notice may be issued when El Paso, using its reasonable judgment, determines operating conditions exist where its pipeline system integrity is threatened and/or service to other Shippers and/or Operators may be adversely affected, and minor variations in receipt and delivery quantities from nominated levels can not be accommodated. Examples of such operating conditions include (1) when a system outage occurs; (2) when extreme weather conditions develop; (3) when line pack exceeds (above or below) operational tolerances; (4) when injections or withdrawals cause Washington Ranch to reach its maximum daily capabilities; or (5) an Operator has demonstrated a consistent pattern of flowing quantities that do not reasonably match scheduled quantities. An SOC will be declared for a specific Shipper(s) or a specific location(s) if they can be identified. If not, the SOC will be declared for the North System and/or the South System. Such notice will be provided using the notification procedures of Section 4.1(a)(ix) of the General Terms and Conditions of this Tariff.

- (a) El Paso will use the following operational remedies when conditions threaten the operational integrity of the system:
 - (i) contacting customers that are currently out of daily balance to coordinate adjustments to their scheduled quantities and actual flows;
 - (ii) injecting or withdrawing from Washington Ranch, as permitted by operational limitations, to bring line pack into acceptable levels;
 - (iii) offsetting, to the extent possible, packs and drafts on the critical areas of El Paso's system to minimize impact on customers;
 - and (iv) assessing results of the intra-day nomination cycle immediately following the invocation of the SOC and contacting customers that remain out of balance.

- (b) An SOC commences on the first gas day for which at least a four hour scheduling opportunity is available.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

33. STRAINED AND CRITICAL OPERATING CONDITION PROCEDURES (continued)

33.1_(f)-_(continued)

- (v) Any of a Shipper's Rate Schedule FT-1, FT-2, FT-H, NNTD, NNTH and IT-1 TSAs may be used to submit a catch-up nomination. ~~Until January 1, 2006, if a Rate Schedule IT 1 TSA is used to submit a catch up nomination on Day 2, the rate for that interruptible service will be discounted to the minimum applicable rate for the Day 1 imbalance quantity.~~

- (g) El Paso will allow a Shipper to net delivery point imbalances that occurred during the SOC among the Shipper's various TSAs applicable to the affected SOC area subject to the following conditions:
 - (i) Shipper attempted to resolve such delivery point imbalances by: 1) submitting corrective confirmed nominations in the Intraday 1 and Intraday 2 scheduling cycles and/or 2) requesting a Flow Day Diversion pursuant to Section 4.1(g) of the General Terms and Conditions of this Tariff, and
 - (ii) El Paso's review after the SOC event indicates that such netting did not allow for a greater risk to have been placed on any other Shipper or to the integrity of El Paso's system.

- 33.2 If the system condition prompting the declaration of an SOC persists, El Paso, using its reasonable judgment, may declare a Critical Operating Condition ("COC"). A COC will be declared for a specific Shipper(s) or a specific location(s) if they can be identified. If not, the COC will be declared for the North System and/or the South System. The Notice of COC will be issued using the notification procedures of Section 4.1(a)(ix) of the General Terms and Conditions of this Tariff.
 - (a) A COC will remain in effect until El Paso notifies its Shippers that such operating conditions no longer exist and that it is lifting the COC. Such Notice will be provided using the notification procedures of Section 4.1(a)(ix) of the General Terms and Conditions of this Tariff.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

33. STRAINED AND CRITICAL OPERATING CONDITION PROCEDURES (continued)

33.2 (continued)

- (b) ~~If a COC is declared, Shippers in the COC area must be in balance on the first gas day for which at least a four hour scheduling opportunity is available.~~
- ~~(e)~~—In the event of an emergency situation where safety or overall system integrity is at immediate risk, El Paso may invoke a COC immediately without first declaring an SOC ("Emergency COC").
- (c) If a COC is declared, Shippers in the COC area must be in balance on the first gas day for which at least a four hour scheduling opportunity is available.
- (d) During a COC, a Critical Condition Daily Imbalance Charge will be assessed to any Shipper in the COC area whose daily imbalance at a receipt point or delivery point (D-Code) is more than 3% of scheduled quantities or 2,000 dth, whichever is greater, unless reduced or eliminated pursuant to Section 33.3.
- (i) The Critical Condition Daily Imbalance Charge for the first gas day of an Emergency COC, as defined in Section 33.2(c) above, will be determined by multiplying the daily imbalance quantity in excess of 3% of scheduled quantities or 2,000 dth, whichever is greater, by the Critical Condition Daily Imbalance Charge. Such charge for the subsequent gas day(s), if any, of an Emergency COC event will be determined by multiplying the daily imbalance quantity by the Critical Condition Daily Imbalance Charge.
- (ii) The Critical Condition Daily Imbalance Charge for a non-Emergency COC will be determined by multiplying the daily imbalance quantity by the Critical Condition Daily Imbalance Charge.
- (iii) The Critical Condition Daily Imbalance Charge is equal to the higher of \$10 per dth or two times the highest daily mid-point spot prices reported either as delivered to El Paso's Mainline System at West Texas, Permian or Waha in the Permian Basin or as delivered to El Paso's Mainline System at Ignacio, San Juan, or New Mexico in the San Juan Basin or as delivered to the California border for that day. El Paso will use the following trade publications to determine the highest daily spot

price in each basin or at the California border: Platt's
Gas Daily (Daily Price Survey), and Natural Gas
Intelligence Daily Gas Price Index (Cash Market Prices).

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

35. DISCOUNTED RATES (eContinued)

35.1 (Continued)

In addition, the discount agreement may include a provision that if one rate component, which was at or below the applicable maximum rate at the time the discount agreement was executed, subsequently exceeds the applicable maximum rate or is less than the applicable minimum rate due to a change in El Paso's maximum (minimum) rates so that such rate component must be adjusted downward (upward) to equal the new applicable maximum (minimum) rate, then other rate components may be adjusted upward (downward) to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate or are less than the minimum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sheets. Nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates that had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.

35.2 Application of Discounted Rates: In the event Transporter discounts the total rate applicable on a volumetric basis under Shipper's firm or interruptible TSA, it will discount the components of such total rate in the following order: (1) Usage Charge, when the Usage Charge is discounted, (2) discountable ROW Surcharge, and (3) Maintenance Expenditure Surcharge.

35.3 Comparable Discounts: If El Paso agrees to provide its marketing or energy affiliate a discount for any pipeline service, El Paso shall make such discounted rate contemporaneously available to similarly situated unaffiliated Shippers.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

36. CREDITING OF PENALTIES

- 36.1 SOC and COC Daily Imbalance Charges. In the event El Paso collects SOC or COC Daily Imbalance Charges pursuant to Section 33, the SOC or COC Daily Imbalance Charges, net of El Paso's costs, shall be credited annually to all non-offending transportation ~~shippers~~Shippers by invoice credit.
- 36.2 Retained Gas Crediting. In the event gas is retained pursuant to ~~Section 6.1 of Rate Schedule PAL,~~ Rate Schedule ISS, or Rate Schedule FDBS, the value of such gas, less El Paso's costs, shall be credited annually to all shippers by invoice credit. The retained gas value will be determined by multiplying the quantity (dth) of the gas retained by the monthly System Weighted Index Price posted monthly on El Paso's EBB for the month in which gas was retained.
- 36.3 Acquired Gas Crediting. In the event Shipper is required to pay for gas that Shipper fails to redeliver to El Paso pursuant to ~~Section 6.1 of Rate Schedule PAL,~~ the value of such gas, net of El Paso's replacement gas costs, shall be credited annually to all ~~shippers~~Shippers by invoice credit.
- ~~36.4 The costs and revenues incurred pursuant to Sections 36.1, 36.2 and 36.4 Daily Variance, Unauthorized Overrun and MDO Charges. In the event El Paso collects Critical Condition Daily Variance Charges, Unauthorized Overrun Charges, and/or MDO Violations, those amounts, net of El Paso's costs, shall be credited annually to all transportation Shippers by invoice credit.~~
- 36.5 The costs and revenues incurred pursuant to Sections 36.1, 36.2, 36.3 and 36.4 above shall be netted together to obtain a total credit for Shippers. Credits to eligible Shippers shall be made on a pro rata basis, based on a Shipper's transportation service revenues paid each month. A monthly credit will not be provided to a Shipper that incurred a penalty during that month. The credit shall be made not later than the March statement sent to Shippers subsequent to the end of the annual period.
- ~~36.5—6 If El Paso will calculate and credit buys gas quantities to Shippers maintain system linepack as appropriate, interest a result of imbalances owed to El Paso, the difference between the cost of gas based on monies collected the Monthly Cash-Out Index Price (i) when the imbalances occurred and (ii) when El Paso bought gas to maintain linepack shall be included in the determination of the credit amounts pursuant to Sections 36.1, 36.2, 36.3 and 36.3 above. Such interest will be calculated in accordance with Section 154.501(d) of the Commission's Regulations.4.~~

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

36. CREDITING OF PENALTIES (Continued)

36.7~~36.5~~ El Paso will calculate and credit to Shippers as appropriate, interest on monies collected pursuant to Sections 36.1, 36.2, 36.3 and 36.4 above. Such interest will be calculated in accordance with Section 154.501(d) of the Commission's Regulations.

36.8 ~~In the next monthly invoice a~~ After collection of the additional reservation charge from ~~the an~~ Emergency Shipper pursuant to the provisions of Section 4.2(g), El Paso will credit said additional charges actually collected from the Emergency Shipper to those firm Shippers that received less than their capacity scheduled for that day. Such credit shall be made annually on a pro rata basis based upon the quantity of scheduled capacity which a Shipper did not receive divided by the sum of all such quantities for all such Shippers. This provision does not limit the rights of a firm Shipper whose capacity was allocated to the Emergency Shipper from seeking damages from that Shipper, where appropriate.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

37. MAINTENANCE EXPENDITURE SURCHARGE

37.1 Purpose: The purpose of this Section 37 is to establish a mechanism to recover through a volumetric surcharge those expenditures made by Transporter for maintenance ("Maintenance Expenditures").

(a) Maintenance Expenditures are defined as:

- (i) All prudently incurred capital expenditures placed in-service after January 1, 2006 for pipeline system repairs, improvements or replacements, including improvements or updates of information systems; and including costs relating to the enhancement of system security, or in response to the U.S. Department of Transportation, U.S. Department of the Interior, FERC, or other state or federal regulations or requirements or other safety or environmental laws or regulations, undertaken pursuant to FERC regulations governing such replacement, repair or construction (including facilities constructed under the provisions of Transporter's blanket certificate authorization); and,
- (ii) Operating and Maintenance ("O&M") expenses which result from the Commission's final determination in Docket No. AI05-1 (relating to Accounting Release No. 18) as to whether costs related to certain Pipeline Integrity Costs should be capitalized or expensed. As appropriate, those costs are included in the Maintenance Expenditure Surcharge.

(b) Maintenance Expenditures shall not include:

- (i) Any costs associated with an expansion of Transporter's system, as such facilities are described in the certificate application associated with such expansion; or
- (ii) Any costs associated with construction of new delivery point or receipt point facilities.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

37. MAINTENANCE EXPENDITURE SURCHARGE (Continued)

37.2 Total cost of service shall include:

(a) The maintenance capital expenditure portion of the total cost of service is defined as the sum of the then effective pretax rate of return times the cumulative Maintenance Capital Expenditures in excess of the cumulative depreciation and amortization expense accrued since January 1, 2006, on all capital expenditures (including related rate base items, except expansion capital expenditures placed in service after January 1, 2006, including a projection of such accrued depreciation for the succeeding year) plus the applicable depreciation rate times the cumulative Maintenance Capital Expenditures.

(b) The O&M expenses portion of the total cost of service shall be the actual expenditures related to Accounting Release No. 18 for the relevant period that result in expensed items rather than capitalized items, plus a projection of such O&M expenses for the next twelve months.

(c) Total cost of service shall include an adjustment which reconciles the actual expenditures relating to the projected expenses detailed in Sections 37.2(a) and (b) above and such actual expenditures. The reconciling adjustment may be positive or negative.

37.3 Calculation. The surcharge shall be calculated at the end of each annual period by dividing the total cost of service of the cumulative Maintenance Expenditures, which shall include the projected Maintenance Expenditures for the succeeding annual period, by Transporter's actual throughput for the prior 12 months, adjusted for discounts, but not to include transportation under Rate Schedules PAL or ISS, for the most recent 12-month period ending November 30.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

37. MAINTENANCE EXPENDITURE SURCHARGE (Continued)

37.4 Filing. Transporter shall file with FERC annually a limited NGA Section 4 filing with workpapers to place into effect the surcharge for the annual period March through February. In each annual filing, Transporter will reconcile any differences between the actual Maintenance Expenditures incurred during the past annual period and the Maintenance Expenditures surcharge that was actually collected from customers.

(a) Transporter shall submit its first annual filing with FERC no later than November 30, 2006 to become effective January 1, 2007. The filing shall be based on expenditures for the 9-month period ending September 30, 2006 plus a projection of expenditures for the period from October 1, 2007 through September 30, 2008.

(b) Transporter's second annual filing shall be submitted no later than November 30, 2007 to become effective January 1, 2008. The filing shall be based on expenditures for the most recent past 12 months, plus projected expenditures for the next 12 months, plus a true-up reconciliation for the period from January 1, 2007 through September 30, 2007.

(c) Annual filings made after January 1, 2008 shall be based on expenditures for the most recent past 12 months, plus projected expenditures for the next 12 months, plus a true-up reconciliation for the previous 12 months.

37.5 Surcharge. The surcharge shall be applied to the volumetric (usage) component of the rate under all rate schedules included in this Volume No. 1-A Tariff, except for service under Rate Schedules PAL and ISS. The surcharge will be discountable on a not unduly discriminatory basis at Transporter's discretion.

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TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

38. RIGHT-OF-WAY ("ROW") SURCHARGE

38.1 Purpose. This Section establishes a mechanism to recover, through a volumetric surcharge, certain payments for renewal of various ROW for the segments of Transporter's transportation system located on Navajo Nations lands. Transporter has included approximately \$8.2 million in operation and maintenance expense per year for recovery of Navajo Nation ROW payments and has included \$0.2 million of Possessory Interest Tax in its rates to be effective January 1, 2006. If such expenses actually incurred after January 1, 2006 are more or less than \$8.4 million per year, Transporter shall either refund or collect the difference through a ROW Surcharge. However, this provision shall not be initially triggered if the difference in ROW expenses is less than \$500,000. Recoverable payments for the Navajo Nation ROW lease shall include the total compensation provided to the Navajo including:

- (a) Cash payments representing the aggregate of the per rod ROW amount;
- (b) A signing bonus and a scholarship fund payment;
- (c) Possessory Interest Tax payments, or similar taxes related to property uses on the nation;
- (d) The quantification of any projects undertaken by Transporter in collaboration with the Navajo Nation, or any tribal organization or instrumentality thereof, in partial payment for ROW and intended to achieve lower cash payments for ROW renewal;
- (e) The quantification of any transportation capacity assigned to the Navajo Nation, or any tribal organization or instrumentality thereof, in partial payment for ROW (recourse rate times quantity assigned) and intended to achieve lower cash payments for ROW renewal.

38.2 Procedures. If this provision is triggered, a ROW surcharge shall be assessed on the firm and interruptible usage rates set forth on Transporter's Statement of Rates sheets to reflect the reconciliation in the amounts incurred by Transporter for procurement of such ROW.

- (a) The initial ROW annual period shall be from January 1, 2006 through December 31, 2006 and shall track the difference between actual payments and the pro rata \$8.4 million included in the O&M expense. The ROW period shall be on an annual basis thereafter.

TRANSPORTATION GENERAL TERMS AND CONDITIONS

(Continued)

38. RIGHT-OF-WAY ("ROW") SURCHARGE (Continued)

38.2 Procedures (Continued)

- (b) No later than March 31 of each year after 2006, Transporter shall file with the Commission an Annual ROW Cost Filing to be effective May 1 explaining the calculation of the forecasted annual cost, the true-up computation of the prior year cost and revenue, and the development of the new surcharge rate.
- (c) Annual filings shall include a true-up provision to reconcile any over- or under-recovery of costs.
- (d) The ROW Surcharge shall be calculated at the end of each annual period by dividing the cost of the annual ROW payment by Transporter's actual transportation billing determinants, adjusted for discounts, for all transportation rate schedules except Rate Schedules PAL and ISS.

38.3 Surcharge. The surcharge will be applied to the volumetric (usage) component of the rate under all rate schedules included in this Volume No. 1-A Tariff, except for Rate Schedules PAL and ISS service. The surcharge will be discountable at Transporter's discretion.

38.4 ROW Usage Deferred Account. Transporter shall maintain a Deferred Account for the period of 12 months ending March 31 ("Deferral Period") prior to the beginning of each ROW annual period.

- (a) Annually, Transporter shall determine the actual ROW costs (for periods of less than 12 months, the annual costs shall be allocated pro rata) and shall compare those costs to actual monthly revenue.

TRANSPORTATION GENERAL TERMS AND CONDITIONS

(Continued)

38. RIGHT-OF-WAY ("ROW") SURCHARGE (Continued)

38.4 ROW Usage Deferred Account (Continued)

- (b) Each month, Transporter shall record such difference in a sub-account of FERC Account No. 186 of the Uniform System of Accounts, which Transporter has designated as a ROW Deferred Account. Interest shall be computed on the balance in the ROW Deferred Account, positive or negative, based on the method prescribed in the Commission's Regulations.
- (c) In each Annual ROW Cost Filing, Transporter shall adjust its ROW Surcharge, either positively or negatively, to recover or return the balances in the Applicable FERC Account No. 186 sub-account.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

395. RESERVATION CHARGE CREDIT

El Paso shall provide reservation charge credits to Rate Schedules FT-1, FT-H, FDBS, NNTD and NNTH ~~Contract Demand~~ Shippers when it is unable to schedule such Shippers' nominated and confirmed volumes on a firm daily basis, subject to the following conditions:

539.1 Reservation charge credits shall not be applicable:

- (a) When a Shipper:
 - (i) fails to properly nominate or confirm pursuant to the scheduling timeline of Section 4.1 of the General Terms and Conditions ("GT&C") and the other scheduling provisions of the Tariff,
 - (ii) underdelivers gas to El Paso and adversely affects system integrity pursuant to Section 4.3 of the GT&C,
 - (iii) fails to deliver gas that conforms to the quality specifications detailed in Section 5 of the GT&C, or
 - (iv) does not comply with Critical Operating Condition requirements pursuant to Section 33.2 of the GT&C.
- (b) To volumes in excess of Shipper's Transportation Contract Demand under its firm TSA, to volumes in excess of the Path Quantity or contractual MRQ specified at a particular receipt point or contractual MDQ ~~Maximum Daily Quantity~~ specified at a particular delivery point or when the Operator exceeds the maximum MDO under an OPASA covering the delivery point; and
- (c) To a primary firm Shipper that is unable to schedule at a receipt or delivery point or mainline Segment due to ~~that the~~ point or Segment being scheduled by an alternate firm Shipper that was properly scheduled in an earlier nomination cycle that is not eligible to be reduced (bumped) in the current cycle; and
- (d) To transactions using point or path rights scheduled as Flow Point Secondary, Flow Path Secondary, First Alternate and Second Alternate Capacity, as defined in Section 1 ~~by Sections 1.25, 1.26 and 1.27 in of~~ the GT&C.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

395. RESERVATION CHARGE CREDIT (Continued)

395.2 Subject to the provisions of Section 39.1, 5.1, reservation charge credits shall apply to:

- (a) Volumes nominated and confirmed to primary delivery points in Cycle 2, but which El Paso was unable to schedule due to a capacity shortfall;
- (b) Volumes scheduled to primary delivery points in Cycle 2 that are subsequently reduced in Cycle 3 due to a capacity shortfall; and
- (c) Volumes nominated and confirmed to primary delivery points in Cycle 3 but which El Paso was unable to schedule due to a capacity shortfall.

395.3 Reservation charge credits shall be calculated as follows:

- (a) The volume on which credits are payable shall be calculated as follows and shall be adjusted for the requirements of Sections 395.1 and 395.2 of this Rate Schedule. The credit shall be payable on the sum of:
 - (i) 100% of the total for the month of the Cycle 2 primary confirmed nominations minus the total for the month of the Cycle 2 scheduled quantities as adjusted for purposes of this computation by Sections 395.1 and 395.2 (a) and (b);
 - (ii) 100% of the total for the month of the new Cycle 3 primary confirmed nominations for each day minus the total for the month of the Cycle 3 scheduled quantities as adjusted for purposes of this computation by Sections 395.1 and 395.2(c).

In no event shall the same ~~D~~th of gas be included more than once in such calculation.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

395. RESERVATION CHARGE CREDIT (Continued)

395.3 Reservation charge credits shall be calculated as follows
(Contd.):

- (b) During periods when El Paso does not experience a force majeure event:
 - (i) The reservation charge credit shall be the product of the volume determined in Section 39.3(a) ~~5.3(a)~~ above multiplied by the contract reservation rate stated on a daily basis, ~~or, if the TSA is listed in Section 9.3 of this Rate Schedule, by the Effective Unit Rate listed there.~~
- (c) During periods when El Paso experiences a force majeure event:
 - (i) The reservation charge credit shall be the product of the volume determined in Section 39.3(a) ~~5.3(a)~~ above multiplied by the contract reservation rate stated on a daily basis, ~~or, if the TSA is listed in Section 9.3 of this Rate Schedule, by the Effective Unit Rate listed there,~~ times the percent of the currently effective reservation rates that represent El Paso's equity return and associated income taxes. This percentage will be re-determined on the effective date of a general system-wide rate change, annually pursuant to Section 25.2 of the Tariff. Effective January 1, 20065, the percentage shall be ~~24.65~~36.26%.
 - (ii) Reservation charge credits under discounted TSAs shall be applicable only to that portion of the discounted rate that exceeds the current non-equity return and associated tax portion of the maximum reservation rate. This percentage will be re-determined on the effective date of a general system-wide rate change, annually pursuant to Section 25.2 of the Tariff. Effective January 1, 20065, the percentage shall be ~~75.35~~63.74%.
- (d) Any reservation charge credit payable shall be reflected on the Shipper's monthly invoice and shall be applied to offset any outstanding transportation past due balances owed by Shipper.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

39. RESERVATION CHARGE CREDIT (Continued)

39.4 Reservation charge credits applicable to TSAs that are not in effect due to termination or seasonal service shall be paid by El Paso to Shipper in dollars no later than the 15th day of the second month following the month the credit was generated.

39.5 Notwithstanding the above nor the provisions of Rate Schedule FDBS, the following shall also apply to reservation charge credits for Rate Schedule FDBS service:

(a) Reservation charge credits shall not be applicable:

- (i) When a Shipper nominates, and point operator has confirmed, in excess of 90% of a delivery point MDQ on the related FT TSA during Non-Critical Conditions and 95% of MDQ during Critical Conditions; or
- (ii) To volumes in excess of Shipper's MDQ at a particular delivery point as specified on the Rate Schedule FDBS TSA.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

40. HEATING VALUES

40.1 Effective January 1, 2006, the Transportation Contract Demand of Transporter's TSAs will be converted from Mcf to dth using the following procedures. Using the receipt and delivery points underlying the path rights assigned in Docket No. RP04-248, Transporter shall convert Mcf quantities to dth quantities by multiplying the number of Mcf by the heating value conversion factor specified in the table below for the basin and area pertaining to the primary rights indicated in the TSA.

| <u>BASIN/AREA</u> | <u>CONVERSION FACTOR</u> |
|-----------------------|--------------------------|
| <u>Permian Basin</u> | |
| <u>Plains Area</u> | <u>1.018</u> |
| <u>Monument Area</u> | <u>1.007</u> |
| <u>Eunice Area</u> | <u>1.012</u> |
| <u>Pecos Area</u> | <u>1.051</u> |
| <u>Keystone Area</u> | <u>1.031</u> |
| <u>Midkiff Area</u> | <u>1.029</u> |
| <u>Waha Area</u> | <u>1.025</u> |
| <u>Salt Flat Area</u> | <u>1.041</u> |
| <u>Snyder Area</u> | <u>0.970</u> |
| <u>Anadarko Basin</u> | |
| <u>Dumas South</u> | <u>1.043</u> |
| <u>Amarillo South</u> | <u>1.038</u> |
| <u>San Juan Basin</u> | |
| <u>Bondad North</u> | <u>1.002</u> |
| <u>Bondad South</u> | <u>1.000</u> |
| <u>Blanco Area</u> | <u>1.009</u> |
| <u>Rio Vista Area</u> | <u>1.024</u> |

40.2 Unless the applicable TSA reflects a dth conversion factor, the factors listed below shall be used to convert Mcf to dth quantities at the following locations.

| | |
|-----------------------------------|--------------|
| <u>Daggett Compressor Station</u> | <u>1.044</u> |
| <u>Washington Ranch</u> | <u>1.022</u> |

TRANSPORTATION GENERAL TERMS AND CONDITIONS

(Continued)

40. HEATING VALUES (Continued)

40.3 After January 1, 2006, the availability of capacity at any point or path will be determined on a dth basis using the most recently available and reliable data concerning the prospective heating value of the gas flowing at that point or on that path.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

41. POOLING PROCEDURES ~~SCHEDULING AND CAPACITY ALLOCATION (Continued)~~

~~4.6~~41.1 Pooling - El Paso shall provide one or more pooling areas in each of the production basins accessed by its system for purposes of facilitating the aggregation and disaggregation of gas received into its system within each such area. The process of aggregating and disaggregating gas receipts shall be deemed pooling. Pooling shall be subject to the following conditions:

- (a) El Paso shall maintain one receipt pool for each pooling area on its system. In addition, El Paso shall establish one physical master title transfer tracking ("TTT") pool in the Permian, Anadarko and San Juan supply basins.
- ~~(ba)~~ To the extent possible, El Paso shall follow the priority rankings of poolers while providing such poolers at least two one opportunityies to make upstream a downstream transfers from the receipt pool to the TTTs or a TSA prior to gas being delivered to a downstream TSAtransportation Service Agreement;
- ~~(cb)~~ Quantities transferred into each receipt pooling account must equal quantities transferred out of such account during each scheduling cycle;
- ~~(c)~~ El Paso shall not be obligated to schedule pooling transactions involving more than ten layers of pools; and
- (d) In order to honor previously scheduled quantities for Transportation Service Agreements, all pooling transactions must be reprocessed during each of the scheduling cycles. This may change the quantities reported on prior cycles.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

41. POOLING PROCEDURES (Continued) ~~SCHEDULING AND CAPACITY ALLOCATION~~

~~4.6~~41.1 Pooling (Continued)

~~(e)~~(g) Shippers may request a physical receipt point as a primary receipt point in lieu of a receipt pool. If a Shipper selects a receipt point rather than a receipt pool, the Shipper's primary receipt point rights ~~wi~~shall be at the receipt point and rights to the receipt pool containing that receipt point will be on an alternate basis.

41.2 The Master TTT pool shall use the following procedures:

- (a) Shippers may continue to use the existing receipt pools and new Master TTT pools to receive gas from interconnects and supply plants.
- (b) If Shippers wish to aggregate supplies from the receipt pools, they must nominate from a receipt pool in each basin to the Master TTT pool for that basin.
- (c) Shippers may nominate their pooling supplies from either a receipt pool or a Master TTT pool delivering gas into El Paso's mainline for further transportation.

TRANSPORTATION GENERAL TERMS AND CONDITIONS
(Continued)

41. POOLING PROCEDURES SCHEDULING AND CAPACITY ALLOCATION (Continued)

41.3 Title Transfer Tracking ("TTT")

- (a) ~~At a minimum, El Paso should be responsible for accommodating Title Transfer Tracking ("TTT") services at all points identified by El Paso as pooling points, where TTT services are requested. In absence of existing pooling points or in addition to existing pooling points where access to TTT activity is not reasonably accessible for supply receipt locations covered by an OBA, El Paso should be responsible for accommodating TTT at no less than one location. (NAESB Standard 1.3.64)~~

The Title Transfer Tracking services should be supported by means of the nominations, quick responses and scheduled quantities processes. At El Paso's election, the confirmation process may also be utilized with Title Transfer Tracking Service Providers within El Paso's system. (NAESB Standard 1.3.65)

- (b) El Paso shall provide service as a Title Transfer Tracking Provider ("TTTSP") at its designated TTT locations ~~pooling points~~. Parties wishing to transfer title to other parties using El Paso's TTT services must hold a TTT pooling account with El Paso. Third Party Account Administrators ("3PADS") must hold a TTT pooling account with El Paso and must follow the procedures and requirements for nominations, quick responses and scheduled quantities.

Sheet Nos. 390 through 399 have been
reserved for future use.

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER RATE SCHEDULE IT-1
(Continued)

ARTICLE I

Gas to be Transported

1.1 Subject to the terms and provisions of this Agreement and of El Paso's Rate Schedule IT-1, El Paso agrees to accept such volumes of natural gas on behalf of Shipper at the ~~Receipt Point~~receipt point(s), designated pursuant to paragraph 2.1 of Article II, on any day during the term of this Agreement; provided, however, that El Paso shall only be obligated to accept on any day for transportation hereunder that volume of natural gas which El Paso determines, in its sole discretion, it has available capacity to receive, transport, and deliver and provided further that in no event shall El Paso be obligated to accept on any day in excess of ~~the Maximum Daily Quantity for each Receipt Point set forth on Exhibit A to this Agreement~~Shipper's scheduled quantity.

1.2 If on any day El Paso should determine that the remaining transportation capacity of its facilities, after El Paso has moved natural gas for Shippers with superior rights to transportation capacity, is insufficient to transport all volumes of natural gas tendered for transportation under this Agreement and for other shippers under similar transportation agreements entitled to similar transportation services, El Paso shall allocate the available transportation capacity on the basis set forth in Section 4.2 of the General Terms and Conditions incorporated by reference in Rate Schedule IT-1.

1.3 In accordance with Section 4.1 of the General Terms and Conditions incorporated by reference in Rate Schedule IT-1, El Paso shall deliver and Shipper shall accept or cause to be accepted at the ~~Delivery Point~~delivery point(s) referenced in paragraph 2.2 of Article II a quantity of natural gas equivalent, on a —dth basis less appropriate reductions, to the quantity of natural gas received by El Paso at the ~~Receipt Point~~receipt point(s) for transportation hereunder; provided, however, that in no event shall El Paso be obligated to deliver on any day in excess of ~~the Maximum Daily Quantity for each Delivery Point set forth on Exhibit B to this Agreement~~Shipper's scheduled quantity.

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER RATE SCHEDULE IT-1
(Continued)

ARTICLE II

~~Receipt Point(s), Delivery Point(s)~~
) and Delivery PressuresPoint(s)

~~2.1 The Receipt Point(s) at which Shipper shall cause natural gas to be tendered to El Paso for transportation hereunder are described in Exhibit A to this Agreement. The delivery pressure and other pertinent factors are also set forth in Exhibit A to this Agreement.~~
2.1 Shipper may request service at any eligible receipt point or delivery point on El Paso's system. El Paso shall deliver thermally equivalent quantities of natural gas at the delivery points less Fuel and L&U, if applicable.

~~2.2 The Delivery Point(s) at which El Paso shall deliver thermally equivalent quantities of natural gas transported hereunder, after appropriate reductions, are described in Exhibit B to this Agreement. The delivery pressure and other pertinent factors applicable to the Delivery Point(s) are also set forth in Exhibit B to this Agreement.~~

ARTICLE III

Rate(s), Rate Schedule(s) and General Terms and Conditions

3.1 Shipper shall pay El Paso for services rendered hereunder in accordance with El Paso's Rate Schedule IT-1, or superseding rate schedule(s) on file with and subject to the jurisdiction of the Federal Energy Regulatory Commission and lawfully in effect from time to time. Upon mutual agreement, the parties may also enter into a separate letter agreement or an electronic contract specifying any discount applicable to this Agreement. The following are the charges set forth in such Rate Schedule IT-1 which apply to service rendered under this Agreement:

(List applicable charges)

3.2 The parties hereto agree that El Paso shall have the right from time to time to propose and file with the Federal Energy Regulatory Commission, in accordance with Section 4 of the Natural Gas Act, changes, amendments, revisions and modifications in:

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER RATE SCHEDULE IT-1
(Continued)

- (a) the rate(s) and Rate Schedule incorporated by reference as part of this Agreement pursuant to this Article III; and
- (b) the General Terms and Conditions incorporated by reference in said Rate Schedule, which are applicable hereto;

provided, however, that Shipper shall have the right to protest any such changes before the Federal Energy Regulatory Commission (or successor governmental agency) or other authorities and to exercise any other rights that Shipper may have with respect thereto.

3.3 This Agreement in all respects is subject to the provisions of Rate Schedule IT-1, or superseding rate schedule(s), and applicable provisions of the General Terms and Conditions included by reference in said Rate Schedule filed by El Paso with the Federal Energy Regulatory Commission, all of which are by reference made a part hereof.

3.4 Certain of the General Terms and Conditions may be adjusted for the purpose of this Agreement and any such adjustments shall be set forth in Exhibit EE to this Agreement.

ARTICLE IV

Regulatory Requirements and Conditions Precedent

4.1 The transportation arrangements provided for in this Agreement are subject to the provisions of _____ of the Federal Energy Regulatory Commission's Regulations, as amended from time to time.

4.2 Should the Federal Energy Regulatory Commission (or successor governmental agency) impose by rule or order any terms and conditions upon this Agreement which are not mutually satisfactory to El Paso and Shipper, either party upon issuance of said rule or order and notification to the other party may terminate this Agreement.

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER RATE SCHEDULE IT-1
(Continued)

El Paso:

Shipper:

or to such other address as a party shall designate by formal written notice. Routine communications may be mailed by ordinary mail or posted on El Paso's EBB. Operating communications by telephone, facsimile or other mutually agreeable means shall be considered as duly delivered without subsequent written confirmation. Payments to El Paso for services rendered hereunder shall be made in accordance with Section 6 of the General Terms and Conditions incorporated by reference in Rate Schedule IT-1.

ARTICLE VIII

Other Operating Provisions

(This Article to be utilized when necessary
to specify other operating provisions)

ARTICLE IX

Miscellaneous

9.1 El Paso and Shipper expressly agree that the laws of the State of ~~Texas~~Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the General Terms and Conditions incorporated by reference in Rate Schedule IT-1.

9.2 All substances, whether or not of commercial value, including all liquid hydrocarbons of whatever nature, except substances expressly agreed to be reserved for Shipper, that El Paso recovers in the course of transporting the quantities of natural gas tendered hereunder to Shipper shall be El Paso's sole property and El Paso shall not be obligated to account to Shipper for any value, whether or not realized by El Paso, that may attach or be said to attach to such substances.

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER RATE SCHEDULE IT-1
(Continued)

9.3 Exhibits ~~A7-B~~ and E, attached to this Agreement, are hereby incorporated by reference as part of this Agreement. The parties may amend Exhibits ~~A7-B~~ or E by mutual agreement, which amendments shall be reflected in a revised Exhibit ~~A7-B~~ or E and shall be incorporated by reference as part of this Agreement.

IN WITNESS HEREOF, the parties have caused this Agreement to be (electronically executed or executed in two (2) original counterparts - choose one as applicable), by their duly authorized officers, the day and year first set forth herein.

ATTEST

EL PASO NATURAL GAS COMPANY

By _____
(Title)

By _____
(Title)

ATTEST

By _____
(Title)

By _____
(Title)

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER RATE SCHEDULE IT-1
(Continued)

EXHIBIT A

To The
Transportation Service Agreement
Dated _____
Between El Paso Natural Gas Company
and _____

| <u>Usage</u> | <u>Term of</u> | <u>Fuel</u> | <u>Surcharges</u> |
|-----------------|-------------------------|--------------------|-------------------|
| <u>Rate</u> | <u>Rate</u> | | |
| <u>(Note 1)</u> | | | <u>(Note 2)</u> |
| ----- | | | |
| | | | <u>Maximum</u> |
| | | <u>Delivery</u> | <u>Daily</u> |
| | | <u>Pressure(s)</u> | <u>Quantity</u> |
| | <u>Receipt Point(s)</u> | <u>(psig)1/</u> | <u>(Mcf)</u> |

NOTES:

- ~~1/ Necessary pressure to enter the El Paso System and, except as otherwise noted, not in excess of.~~
- ~~2/ Up to the capacity of the interconnect point not to exceed _____ Mcf per day of natural gas, in the aggregate, from all Receipt Point(s).~~
- (1) Unless otherwise agreed by the Parties in writing, the Usage Rate for service shall be El Paso's then-effective maximum rate for service under Rate Schedule IT, or other superseding Rate Schedule, as such rates may be changed from time to time. El Paso and Shipper may also agree to a discount using one of the discount types described in Section 35 of the Tariff.
- (2) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates sheet in the Tariff, as they may be changed from time to time, unless otherwise agreed to by the parties.

A. Effective Date of this Exhibit A: _____
B. Supersedes Exhibit A Effective: _____

El Paso Natural Gas Company
Second Revised Volume No. 1A

Fourth Revised Sheet No. 407
Third Revised Sheet No. 407
Effective: May 27, 2005
Issued: April 25, 2005
Page 2

By _____

By _____

Date _____

Date _____

El Paso Natural Gas Company
Second Revised Volume No. 1A

Third Revised Sheet No. 408
Second Revised Sheet No. 408
Effective: May 27, 2005
Issued: April 25, 2005
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Reserved for future use.

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER RATE SCHEDULE IT-1
(Continued)

EXHIBIT EB

To The
Transportation Service Agreement
Dated _____
Between El Paso Natural Gas Company
and _____

The following shall apply in substitution for the identified provisions of the General Terms and Conditions of El Paso's Tariff:

Section of
General Terms
and Conditions

Substitute Provision

A. Effective Date of this Exhibit E: _____

B: _____

B. Supersedes Exhibit EB Effective: _____

EL PASO NATURAL GAS COMPANY

By _____

By _____

Date _____

Date _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE HOURLY SWING SERVICE
UNDER RATE SCHEDULE IHSW
DATED:

The Parties identified below, in consideration of their mutual promises,
agree as follows:

1. Transporter: EL PASO NATURAL GAS COMPANY
2. Shipper: _____
3. Applicable Tariff: Transporter's FERC Gas Tariff Second Revised Volume No. 1-A, as the same may be amended or superseded from time to time ("Tariff").
4. Incorporation by Reference: This Agreement in all respects shall be subject to the provisions of Rate Schedule IHSW and to the applicable provisions of the General Terms and Conditions of the Tariff as filed with, and made effective by, the FERC as same may change from time to time.
5. Hourly swing service provided at delivery point(s) shall be on an interruptible basis in accordance with the Tariff.
6. Delivery Point/Paths and Pressures: As specified in Shipper's TSAs under Rate Schedule FT-1 and Rate Schedule FT-H.
7. Rates and Surcharges: As set forth in Exhibit A. Shipper shall pay the applicable maximum tariff rate unless otherwise provided. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule IHSW.

Exhibit A, attached to this Agreement, is hereby incorporated by reference as part of this Agreement. The parties may amend Exhibit A by mutual agreement, which amendments shall be reflected in a revised Exhibit A and shall be incorporated by reference as part of this Agreement.
8. Negotiated Rate Agreement: Yes _____ No _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE HOURLY SWING SERVICE
UNDER RATE SCHEDULE IHSW
(Continued)

9. Term of Agreement: Beginning: _____
Extending through: _____

_____ Month to Month with 30-Day written notification by either
party.

10. Effect on Prior Agreement(s): When this Agreement becomes effective, it
shall (supersede and cancel -or- amend and restate) the following
agreement(s) between the Parties: _____

11. Notices, Statements, and Bills:

To Shipper:

Attn: _____

To Transporter:

Attn: _____

12. Changes in Rates and Terms. Transporter shall have the right to propose to
the FERC changes in its rates and terms of service, and this Agreement
shall be deemed to include any changes which are made effective pursuant
to FERC Order or regulation or provisions of law, without prejudice to
Shipper's right to protest the same.

13. Governing Law: Transporter and Shipper expressly agree that the laws of
the State of Colorado shall govern the validity, construction,
interpretation and effect of this Agreement and of the applicable Tariff
provisions. This Agreement is subject to all applicable rules,
regulations, or orders issued by any court or regulatory agency with
proper jurisdiction.

FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE HOURLY SWING SERVICE
UNDER RATE SCHEDULE IHSW
(Continued)

EXHIBIT A

To The
Interruptible Hourly Swing Service Agreement
between
El Paso Natural Gas Company (Transporter)
and _____ (Shipper)
Dated: _____

| <u>Effective</u> | <u>Usage Rate</u> | <u>Term of</u> | <u>Surcharges</u> |
|------------------|-------------------|----------------|-------------------|
| <u>Date</u> | <u>(Note 1)</u> | <u>Rate</u> | <u>(Note 2)</u> |
| ----- | | | |

The receipt and delivery points applicable to service under
this agreement shall be the points listed on Shipper's TSA
_____.

NOTES:

- (1) Shipper shall pay the applicable maximum tariff rate unless otherwise provided.
- (2) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates sheet, as they may be changed from time to time, unless otherwise agreed to by the Parties.

FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE STORAGE SERVICE
UNDER RATE SCHEDULE ISS

DATED:

The Parties identified below, in consideration of their mutual promises, agree as follows:

1. Transporter: EL PASO NATURAL GAS COMPANY
2. Shipper: _____
3. Applicable Tariff: Transporter's FERC Gas Tariff Second Revised Volume No. 1-A, as the same may be amended or superseded from time to time ("Tariff").
4. Incorporation by Reference: This Agreement in all respects shall be subject to the provisions of Rate Schedule ISS and to the applicable provisions of the General Terms and Conditions of the Tariff as filed with, and made effective by, the FERC as same may change from time to time.
5. Storage service shall be provided on an interruptible basis in accordance with the Tariff.
6. Rates and Surcharges: As set forth in Exhibit A. Shipper shall pay the applicable maximum tariff rate unless otherwise provided. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule ISS.

Exhibit A, attached to this Agreement, is hereby incorporated by reference as part of this Agreement. The parties may amend Exhibit A by mutual agreement, which amendments shall be reflected in a revised exhibit and shall be incorporated by reference as part of this Agreement.

7. Negotiated Rate Agreement: Yes _____ No _____

8. Term of Agreement: Beginning: _____

Extending through: _____

_____ Month to Month with 30-Day written notification by either party.

FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE STORAGE SERVICE
UNDER RATE SCHEDULE ISS
(Continued)

9. Effect on Prior Agreement(s): When this Agreement becomes effective, it shall (supersede and cancel -or- amend and restate) the following agreement(s) between the Parties: _____

10. Notices, Statements, and Bills:

To Shipper:

Attn: _____

To Transporter:

Attn: _____

11. Changes in Rates and Terms. Transporter shall have the right to propose to the FERC changes in its rates and terms of service, and this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law, without prejudice to Shipper's right to protest the same.

12. Governing Law: Transporter and Shipper expressly agree that the laws of the State of Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the applicable Tariff provisions. This Agreement is subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

IN WITNESS HEREOF, the parties have caused this Agreement to be electronically executed or in two original counterparts (choose as applicable), by their duly authorized officers, the day and year first set forth herein.

EL PASO NATURAL GAS COMPANY

By _____ By _____
(Title) (Title)

Date _____ Date _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE STORAGE SERVICE
UNDER RATE SCHEDULE ISS
(Continued)

EXHIBIT A

To The
Interruptible Storage Service Agreement
between
El Paso Natural Gas Company (Transporter)
and _____ (Shipper)
Dated: _____

| <u>Effective</u> | <u>Storage</u> | <u>Injection</u> | <u>Withdrawal</u> | <u>Term of</u> | <u>Fuel</u> | <u>Surcharges</u> |
|------------------|-----------------|------------------|-------------------|----------------|-----------------|-------------------|
| <u>Date</u> | <u>Inv Rate</u> | <u>Rate</u> | <u>Rate</u> | <u>Rate</u> | <u>(Note 1)</u> | <u>(Note 3)</u> |
| | <u>(Note 1)</u> | <u>(Note 1)</u> | <u>(Note 1)</u> | | | |
| ----- | | | | | | |
| ===== | | | | | | |

NOTES:

- (1) Shipper shall pay the applicable maximum tariff rate unless otherwise provided.
- (2) Fuel shall be as stated on Transporter's Statement of Rates sheet in the Tariff, as they may be changed from time to time, unless otherwise agreed between the Parties.
- (3) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates sheet, as they may be changed from time to time, unless otherwise agreed to by the Parties.

Reserved for future use.

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION SERVICE UNDER
RATE SCHEDULE FT-1

~~(Continued)~~

ARTICLE I

Gas to be Transported

1.1 Subject to the terms and provisions of this Agreement and of El Paso's Rate Schedule FT-1, El Paso agrees to receive at each ~~Receipt Point~~receipt point and deliver at each ~~Delivery Point~~delivery point on each day such quantity of natural gas, if any, up to the Maximum ~~Daily Receipt~~Quantity for each such Receipt Point and up to the Maximum Delivery Point Quantity for each delivery point as specified on Exhibit A, not to exceed the physical capacity of such points. Such volumes shall be transported on a firm basis using the Flow Path and the Path Quantities specified on Exhibit A. The ~~monthly~~Maximum Daily Quantities ~~Quantity~~ reflected on Exhibit A shall constitute Shipper's ~~monthly~~ Transportation Contract Demand.

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION SERVICE UNDER
RATE SCHEDULE FT-1
(Continued)

1.2 In addition to the quantity which Shipper may tender or cause to be tendered to El Paso at each ~~Receipt Point~~ receipt point each day for firm transportation in accordance with paragraph 1.1, Shipper shall tender or cause to be tendered to El Paso at that point that quantity of natural gas as may be required from time to time to compensate El Paso for ~~fuel consumption, shrinkage, Fuel~~ and ~~lost and unaccounted I&U~~ for volumes associated with such transportation. Such additional quantity is additive to (and shall not be considered as constituting a part of) Shipper's Maximum ~~Daily Receipt~~ Quantity at such ~~Receipt Point~~ receipt point.

1.3 In accordance with Section 4.1 of the General Terms and Conditions incorporated by reference in Rate Schedule FT-1, El Paso shall deliver and Shipper shall accept or cause to be accepted at the ~~Delivery Point~~ delivery point(s) referenced in paragraph 2.1 of Article II, a quantity of natural gas equivalent, on a dth basis, to the sum of the quantities of natural gas received by El Paso at the ~~Receipt Points~~ receipt points for transportation hereunder in accordance with paragraph 1.1

1.4 Upon request of Shipper, El Paso, at its reasonable discretion, may receive, transport, and deliver natural gas in excess of Shipper's Transportation Contract Demand. If El Paso elects to transport said excess gas, Shipper shall pay El Paso pursuant to the terms and conditions set forth in El Paso's Rate Schedule FT-1.

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION SERVICE UNDER
RATE SCHEDULE FT-1
(Continued)

~~5.3—El Paso agrees to waive its rights to effect pre-granted abandonment of transportation service upon the expiration of transportation service agreements. As of the date of this Agreement, such right is codified in Section 284.221(d) of the Commission's Regulations.~~

~~5.4—Without limitation of paragraph 5.3, prior to terminating service under this Agreement, El Paso agrees to file for such authorization, if any, as may be required for the abandonment of the transportation service contemplated hereunder pursuant to Section 7(b) of the Natural Gas Act or any successor statute, and not to terminate such service unless and until it shall have received such abandonment authorization. Shipper shall have the right to oppose such abandonment. El Paso will not apply for or otherwise seek Commission approval for abandonment of Shipper's Transportation Contract Demand as set forth in Exhibit A, or any portion thereof, prior to the date El Paso notifies Shipper of its intent to terminate this Agreement as provided herein.~~

~~(Paragraphs 5.3 and 5.~~

5.3 Termination of this Agreement shall not relieve El Paso or Shipper of the obligation to correct any volume imbalances hereunder, or either party of the obligation, if any, to pay monies to the other party.

5.4 A right-of-first-refusal, pursuant to Section 20.16(f) of the General Terms and Conditions, shall apply to this Agreement.

~~(Paragraph 5.4 to be used only for El Paso's sales customers converting to firm transportation; when paragraphs 5.3 and 5.4 are not utilized, paragraphs 5.5 and 5.6 shall be renumbered as appropriate)~~

~~5.5—Termination of this Agreement shall not relieve El Paso or Shipper of the obligation to correct any volume imbalances hereunder, or either party of the obligation, if any, to pay monies to the other party.~~

~~5.6—A right of first refusal, pursuant to Section 20.16(f) of the General Terms and Conditions, shall apply to this Agreement.~~

~~(Paragraph 5.6 to be used upon mutual agreement of the Parties)~~

ARTICLE VI

Cancellation of Prior Contracts

6.1 When this Agreement becomes effective, it supersedes and cancels as of the effective date hereof the following contracts between the parties hereto:

(Paragraph 6.1 to be utilized only when applicable)

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION SERVICE UNDER
RATE SCHEDULE FT-1
(Continued)

ARTICLE VII

Notices

7.1 Any formal notice, request or demand that either party gives to the other respecting this Agreement shall be in writing and shall be mailed by registered or certified mail or delivered in hand to the following address of the other party:

El Paso:

Shipper:

or to such other address as a party shall designate by formal written notice. Routine communications may be mailed by ordinary mail or posted on El Paso's EBB. Operating communications by telephone, facsimile or other mutually agreeable means shall be considered as duly delivered without subsequent written confirmation. Payments to El Paso for services rendered hereunder shall be made in accordance with Section 6 of the General Terms and Conditions incorporated by reference in Rate Schedule FT-1.

ARTICLE VIII

Other Operating Provisions

(This Article to be utilized when necessary
to specify other operating provisions)

ARTICLE IX

Miscellaneous

9.1 El Paso and Shipper expressly agree that the laws of the State of ~~Texas~~Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the General Terms and Conditions incorporated by reference in El Paso's Rate Schedule FT-1.

FORM OF TRANSPORTATION SERVICE AGREEMENT
 APPLICABLE TO FIRM TRANSPORTATION SERVICE UNDER
 RATE SCHEDULE FT-1
 (Continued)

EXHIBIT A

To The
 Transportation Service Agreement
 Dated _____,
 Between El Paso Natural Gas Company
 and _____

Effective Month 1/: _____

| <u>Receipt</u> | | <u>Delivery</u> | | | |
|--------------------|-----------------|--------------------|-----------------|----------------|-------------------|
| <u>Point(s)/</u> | | <u>Point(s)/</u> | | | |
| <u>Location(s)</u> | | <u>Location(s)</u> | | | <u>Maximum</u> |
| <u>(Scheduling</u> | <u>Receipt</u> | <u>(Scheduling</u> | <u>Delivery</u> | <u>Flow</u> | <u>Quantity</u> |
| <u>Code(s)) 2/</u> | <u>DRN Code</u> | <u>Code(s))</u> | <u>DRN Code</u> | <u>Path 3/</u> | <u>(Dth/d) 4/</u> |
| ----- | ----- | ----- | ----- | ----- | ----- |

| <u>Receipt</u> | | <u>Maximum</u> | |
|------------------|-------------------------------|-----------------|-----------------------|
| <u>Effective</u> | <u>Point(s)/Location(s)2/</u> | <u>Receipt</u> | <u>Daily Quantity</u> |
| <u>Month 1/</u> | <u>(Scheduling Code(s))</u> | <u>DRN Code</u> | <u>(Mef/d) 3/</u> |

| <u>Delivery</u> | | <u>Maximum</u> | |
|------------------|-----------------------------|-----------------|-----------------------|
| <u>Effective</u> | <u>Point(s)/Location(s)</u> | <u>Delivery</u> | <u>Daily Quantity</u> |
| <u>Month 1/</u> | <u>(Scheduling Code(s))</u> | <u>DRN Code</u> | <u>(Mef/d) 3/</u> |

| <u>Effective</u> | <u>Path Quantity</u> | |
|------------------|----------------------|-------------------|
| <u>Month 1/</u> | <u>Flow Path 4/</u> | <u>(Mef/d) 3/</u> |

TRANSPORTATION CONTRACT DEMAND 5/: _____

- 1/ The calendar month the specified rights are in effect during the term of the Agreement.
- 23/ Necessary pressure to enter the El Paso System and, except as otherwise noted, not in excess of.
- 3/ As defined in Section 20.12 of ~~EPNG~~ El Paso's Tariff.
- 4/ The "Maximum Quantity" means the daily Maximum Receipt Quantity, Maximum Delivery Quantity, or Path Quantity, as applicable.

53/ The sum of the Maximum quantities identified above ~~under this Section~~ is equal to Shipper's Transportation Contract Demand for that month.

A. Effective Date of this Exhibit A: _____

B. Supersedes Exhibit A Effective: _____

EL PASO NATURAL GAS COMPANY

By _____

By _____

Date _____

Date _____

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION SERVICE UNDER
RATE SCHEDULE FT-2
(Continued)

ARTICLE I

Gas to be Transported

1.1 Subject to the terms and provisions of this Agreement and of El Paso's Rate Schedule FT-2, El Paso agrees to receive on each day at each ~~Receipt Point, receipt point,~~ such quantity of natural gas, if any, up to the Maximum ~~Daily Receipt~~ Quantity specified for each ~~Receipt Point receipt point~~ on Exhibit A, not to exceed the physical capacity of such point, as may be tendered to El Paso by Shipper (or for Shipper's account), and to transport such quantity on a firm basis for Shipper; provided, however, that Shipper is obligated to tender or cause to be tendered its full requirements on any day for transportation by El Paso and, provided further, that a full requirements shipper's Maximum ~~Daily Delivery~~ Quantity on any day shall be its full requirements on that day, up to a maximum of 10,000 ~~Dth~~ per day. Shipper's full requirements means natural gas sufficient to supply the requirements of Shipper in serving [identify consumers (i.e., residential, non-residential, irrigation, etc.)] situated in each community or area shown on Exhibit B hereto unless otherwise indicated thereon, including all gas lost or unaccounted for by the Shipper and all gas otherwise used or resold by the Shipper in those communities and areas shown on Exhibit B hereto, but in no event shall the quantity for each such community or area exceed that shown on Exhibit B.

1.2 In addition to the quantity which Shipper may tender or cause to be tendered to El Paso at each ~~Receipt Point~~ receipt point each day for firm transportation in accordance with paragraph 1.1, Shipper shall tender or cause to be tendered to El Paso at that point that quantity of natural gas as may be required from time to time to compensate El Paso for ~~fuel consumption, shrinkage, Fuel~~ and ~~lost and unaccounted~~ L&U for volumes associated with such transportation. Such additional quantity is additive to (and shall not be considered as constituting a part of) Shipper's Maximum ~~Daily Receipt~~ Quantity at such ~~Receipt Point~~ receipt point.

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION SERVICE UNDER
RATE SCHEDULE FT-2
(Continued)

1.3 In accordance with Section 4.1 of the General Terms and Conditions incorporated by reference in Rate Schedule FT-2, El Paso shall deliver and Shipper shall accept or cause to be accepted at the ~~Delivery Point~~delivery point(s) referenced in paragraph 2.2 of Article II, a quantity of natural gas equivalent, on a ~~—dth~~dth basis, to the sum of the quantities of natural gas received by El Paso at the ~~Receipt Points~~receipt points for transportation hereunder in accordance with paragraph 1.1

1.4 If on any day El Paso should determine that the transportation capacity of its facilities is insufficient to transport all volumes of natural gas up to the Shipper's full requirements, up to a maximum of 10,000 Dth per day, as tendered for transportation under this Agreement and by other shippers under similar, firm transportation agreements, El Paso shall allocate the available transportation capacity on the basis set forth in the General Terms and Conditions incorporated by reference in El Paso's Rate Schedule FT-2.

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION SERVICE UNDER
RATE SCHEDULE FT-2
(Continued)

~~5.3 El Paso agrees to waive its rights to effect pre granted abandonment of transportation service upon the expiration of transportation service agreements. As of the date of this Agreement, such right is codified in Section 284.221(d) of the Commission's Regulations.~~

~~5.4 Without limitation of paragraph 5.3, prior to terminating service under this Agreement, El Paso agrees to file for such authorization, if any, as may be required for the abandonment of the transportation service contemplated hereunder pursuant to Section 7(b) of the Natural Gas Act or any successor statute, and not to terminate such service unless and until it shall have received such abandonment authorization. Shipper shall have the right to oppose such abandonment. El Paso will not apply for or otherwise seek Commission approval for abandonment of~~

~~_____ or any portion thereof, prior to the date El Paso notifies Shipper of its intent to terminate this Agreement as provided herein.~~

~~5.5 Termination of this Agreement shall not relieve El Paso or Shipper of the obligation to correct any volume imbalances hereunder, or either party of the obligation, if any, to pay monies to the other party.~~

ARTICLE VI

Cancellation of Prior Contracts

6.1 When this Agreement becomes effective, it supersedes and cancels as of the effective date hereof the following contracts between the parties hereto:

(Paragraph 6.1 to be utilized only when applicable)

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION SERVICE UNDER
RATE SCHEDULE FT-2
(Continued)

ARTICLE VII

Notices

7.1 Any formal notice, request or demand that either party gives to the other respecting this Agreement shall be in writing and shall be mailed by registered or certified mail or delivered in hand to the following address of the other party:

El Paso: El Paso Natural Gas Company
Post Office Box ~~1492~~1087
~~El Paso, Texas 79978~~
Colorado Springs, CO 80944
Attention: Director, _____

Shipper:

or to such other address as a party shall designate by formal written notice. Routine communications may be mailed by ordinary mail. Operating communications by telephone, facsimile or other mutually agreeable means shall be considered as duly delivered without subsequent written confirmation. Payments to El Paso for services rendered hereunder shall be made in accordance with Section 6 of the General Terms and Conditions incorporated by reference in Rate Schedule FT-2.

ARTICLE VIII

Other Operating Provisions

(This Article to be utilized when necessary
to specify other operating provisions)

ARTICLE IX

Miscellaneous

9.1 El Paso and Shipper expressly agree that the laws of the State of ~~Texas~~Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the General Terms and Conditions incorporated by reference in El Paso's Rate Schedule FT-2.

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION SERVICE UNDER
RATE SCHEDULE FT-2
(Continued)

9.2 All substances, whether or not of commercial value, including all liquid hydrocarbons of whatever nature, except substances expressly reserved for Shipper, that El Paso recovers in the course of transporting the quantities of natural gas tendered hereunder to Shipper shall be El Paso's sole property and El Paso shall not be obligated to account to Shipper for any value, whether or not realized by El Paso, that may attach or be said to attach to such substances.

9.3 Exhibits A, B and C, attached to this Agreement, are hereby incorporated by reference as part of this Agreement. The parties may amend Exhibits A, B or C by mutual agreement, which amendments shall be reflected in a revised Exhibit A, B or C and shall be incorporated by reference as part of this Agreement.

9.4 With El Paso's prior consent, which shall not be unreasonably withheld, Shipper may convert any one or more full requirements ~~Delivery Point~~delivery point(s) hereunder to ~~Delivery Point~~delivery point(s) with a fixed Maximum ~~Daily-Delivery~~ Quantity or reduce the Maximum ~~Daily-Delivery~~ Quantity for any ~~Delivery Point~~delivery point that has a Maximum ~~Daily-Delivery~~ Quantity. Shipper may provide El Paso with one year's prior written notice of Shipper's desire to effect such conversion or reduction. The notice shall specify the applicable Maximum ~~Daily-Delivery~~ Quantity for each ~~Delivery Point~~delivery point to be converted or reduced, which Maximum ~~Daily-Delivery~~ Quantity shall not be more than the actual delivery capacity for such ~~Delivery Point~~delivery point(s). Conversion of any one or more points hereunder shall not affect the full requirements status of Shipper's remaining ~~Delivery Point~~delivery point(s); however, Shipper's service will continue to be limited to no more than 10,000 Dth per day under its Agreement. If El Paso does not notify Shipper in writing within one hundred eighty (180) days after receiving such notice that El Paso objects to such conversion or reduction, El Paso shall be deemed to have consented thereto.

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION SERVICE UNDER
RATE SCHEDULE FT-2
(Continued)

EXHIBIT B

To The
Transportation Service Agreement
Dated _____
Between El Paso Natural Gas Company
and _____

| | Maximum |
|-------------------|-----------------|
| | <u>Daily</u> |
| | <u>Delivery</u> |
| | <u>Quantity</u> |
| Delivery Point(s) | () |

Unless otherwise specified on this exhibit, the ~~Delivery Pressure~~delivery pressure(s) for the point(s) listed above shall be the pressure existing from time to time at the metering facility; however, El Paso reserves the right to deliver quantities at pressures up to the MAOP of that facility.

El Paso shall be obligated to deliver hereunder, up to a maximum of 10,000 ~~Dth~~Dth per day, in accordance with paragraph 1.3 of the Agreement and Section 4.2 of the General Terms and Conditions contained in El Paso's Volume No. 1-A Tariff, or superseding tariff, up to Shipper's full requirements, except for those ~~Delivery Point~~delivery point(s) which have a specific Maximum ~~Daily~~Delivery Quantity set forth; provided, however, that El Paso shall be obligated to deliver hereunder only Shipper's quantities of natural gas received pursuant to this Agreement in the aggregate at all ~~Delivery Point~~delivery point(s). El Paso's obligation to deliver up to Shipper's full requirements is limited by operational and capacity limitations existing from time to time for the facilities at each ~~Delivery Point~~delivery point; El Paso shall not be required to construct additional facilities required to make deliveries of natural gas in quantities exceeding such operational and capacity limitations, except as otherwise undertaken in El Paso's Stipulation and Agreement filed at Docket No. RP88-44-000.

FORM OF MASTER AGREEMENT
APPLICABLE TO PARKING AND LENDING SERVICE
UNDER RATE SCHEDULE PAL
(Continued)

8. Notices, Statements, and Bills:

To Shipper:

To El Paso:

9. Effect on Prior Agreement:_____.

10. Adjustment to Rate Schedule PAL and/or General Terms and Conditions:_____.

11. Incorporation by Reference: This Agreement in all respects shall be subject to the provisions of Rate Schedule PAL and to the applicable provisions of the General Terms and Conditions of the Tariff as filed with, and made effective by, the FERC as same may change from time to time.

12. El Paso and Shipper expressly agree that the laws of the State of ~~Texas~~Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the applicable Tariff provisions.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

EL PASO:

SHIPPER:

EL PASO NATURAL GAS COMPANY

By _____

By _____

(Print or type name)

(Print or type title)

FORM OF PAL SERVICE AGREEMENT
APPLICABLE TO PARKING AND LENDING SERVICE
UNDER RATE SCHEDULE PAL (1)
(Continued)

Exhibit A

Effective Date: _____

Shipper: _____

Type of Transaction: _____
(Park ~~or~~ /Loan)

Maximum Quantity
Parked/Loaned: _____

~~First Day Usage~~ Rate (2): _____

~~Subsequent Day Rate (2):~~

PAL Point: _____

Term: _____

| | | | |
|------------|----------|----------------------------------|----------------------------------|
| | | (Park or Loan Payback) | (Loan or Park Withdrawal) |
| | | Daily Quantity | Daily Quantity |
| | | Delivered to El Paso | Received from El Paso |
| Begin Date | End Date | <u>_____ (Mcf and MMBtu) Dth</u> | <u>_____ (Mcf and MMBtu) Dth</u> |

- NOTES: (1) The Park and Loan Point, Rates, Maximum Quantity and Term of Rates shall be as listed on this version of PALS on El Paso's Electronic Bulletin Board and may be modified periodically.
- (2) Unless otherwise agreed by the Parties in writing, the Rates for service shall be El Paso's maximum rate for service under Rate Schedule PAL or other superseding Rate Schedule; as such rates may be changed from time to time.

Reserved for future use.

FORM OF SERVICE AGREEMENT
APPLICABLE TO HOURLY FIRM TRANSPORTATION SERVICE
UNDER RATE SCHEDULE FT-H
DATED:

The Parties identified below, in consideration of their mutual promises, agree as follows:

1. Transporter: EL PASO NATURAL GAS COMPANY
2. Shipper: _____
3. Applicable Tariff: Transporter's FERC Gas Tariff Second Revised Volume No. 1-A, as the same may be amended or superseded from time to time ("Tariff").
4. Incorporation by Reference: This Agreement in all respects shall be subject to the provisions of Rate Schedule FT-H and to the applicable provisions of the General Terms and Conditions of the Tariff as filed with, and made effective by, the FERC as same may change from time to time.
5. Firm Hourly Transportation Service: _____
(Three Hour Enhanced "FTH-3", Twelve Hour Peaking "FTH-12", Sixteen Hour Peaking "FTH-16" or Eight Hour Peaking "FTH-8")
(insert as applicable)

Transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis in accordance with the Tariff.

Receipt and delivery points: Shipper agrees to tender gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt points identified in Exhibit A. Transporter agrees to provide transportation service and deliver gas to Shipper (or for Shipper's account) at the primary delivery points identified in Exhibit A. Minimum and maximum receipt and delivery pressures, as applicable, are listed on Exhibit A.

6. Rates and Surcharges: As set forth in Exhibit B. Shipper shall pay the applicable maximum tariff rate unless otherwise provided. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FT-H.
7. Exhibits A and B, attached to this Agreement, are hereby incorporated by reference as part of this Agreement. The parties may amend Exhibits A and B by mutual agreement, which amendments shall be reflected in a revised Exhibit(s) and shall be incorporated by reference as part of this Agreement.

FORM OF SERVICE AGREEMENT
APPLICABLE TO HOURLY FIRM TRANSPORTATION SERVICE
UNDER RATE SCHEDULE FT-H
(Continued)

8. Negotiated Rate Agreement: Yes _____ No _____

9. Term of Agreement: Beginning: _____
Extending through: _____

This Agreement shall continue in full force and effect year to year thereafter unless terminated by written notice from one Party to the other upon 365 Days written notice. (Use only when applicable.)

10. Effect on Prior Agreement(s): When this Agreement becomes effective, it shall (supersede and cancel -or- amend and restate) the following agreement(s) between the Parties: _____

11. Transportation Contract Demand ("TCD"):

| <u>TCD</u> | <u>Time Period</u> |
|----------------|--------------------|
| <u>(Dth/d)</u> | |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

12. Right-Of-First-Refusal. The right-of-first-refusal, pursuant to Section 20.16, shall (or shall not) apply to this Agreement.

13. Notices, Statements, and Bills:

To Shipper:

Attn: _____

To Transporter:

Attn: _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO HOURLY FIRM TRANSPORTATION SERVICE
UNDER RATE SCHEDULE FT-H
(Continued)

14. Changes in Rates and Terms. Transporter shall have the right to propose to the FERC changes in its rates and terms of service, and this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law, without prejudice to Shipper's right to protest the same.
15. Governing Law: Transporter and Shipper expressly agree that the laws of the State of Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the applicable Tariff provisions. This Agreement is subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

IN WITNESS HEREOF, the parties have caused this Agreement to be electronically executed or in two original counterparts (choose as applicable), by their duly authorized officers, the day and year first set forth herein.

EL PASO NATURAL GAS COMPANY

By _____ By _____
(Title) (Title)

Date _____ Date _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO HOURLY FIRM TRANSPORTATION SERVICE
UNDER RATE SCHEDULE FT-H
(Continued)

EXHIBIT A

To The
Hourly Firm Transportation Service Agreement
between
El Paso Natural Gas Company (Transporter)
and _____ (Shipper)
Dated: _____

Shipper's Transportation Contract Demand: See Paragraph 10

| <u>Primary Receipt</u> | <u>Primary Receipt</u> | <u>Minimum</u> | <u>Maximum</u> |
|------------------------|------------------------|----------------------------|-----------------|
| <u>Point/Path(s)</u> | <u>Effective</u> | <u>Point/Path Quantity</u> | <u>Pressure</u> |
| | <u>Dates</u> | <u>(Dth per Day)*</u> | <u>p.s.i.g.</u> |
| ----- | | | |
| ----- | | | |

| <u>Primary Delivery</u> | <u>Primary Delivery</u> | <u>Minimum</u> | <u>Maximum</u> |
|-------------------------|-------------------------|----------------------------|-----------------|
| <u>Point/Path(s)</u> | <u>Effective</u> | <u>Point/Path Quantity</u> | <u>Pressure</u> |
| | <u>Dates</u> | <u>(Dth per Day)*</u> | <u>p.s.i.g.</u> |
| ----- | | | |
| ----- | | | |

* The sum of the primary receipt/delivery point/path maximum quantities is equal to Shipper's Transportation Contract Demand.

FORM OF SERVICE AGREEMENT
APPLICABLE TO HOURLY FIRM TRANSPORTATION SERVICE
UNDER RATE SCHEDULE FT-H
(Continued)

EXHIBIT B

To The
Hourly Firm Transportation Service Agreement
between
El Paso Natural Gas Company (Transporter)
and _____ (Shipper)
Dated: _____

Primary

| <u>Delivery</u> | <u>Effective</u> | <u>Reservation</u> | <u>Usage Rate</u> | <u>Term of</u> | <u>Fuel</u> | <u>Surcharges</u> |
|-----------------|------------------|----------------------|-------------------|----------------|-----------------|-------------------|
| <u>Point(s)</u> | <u>Date</u> | <u>Rate (Note 1)</u> | <u>(Note 1)</u> | <u>Rate</u> | <u>(Note 2)</u> | <u>(Note 3)</u> |
| ----- | | | | | | |
| ----- | | | | | | |

NOTES:

- (1) Shipper shall pay the applicable maximum tariff rate unless otherwise provided.
- (2) Fuel and L&U shall be as stated on Transporter's Statement of Rates sheet in the Tariff, as they may be changed from time to time, unless otherwise agreed between the Parties.
- (3) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates sheet, as they may be changed from time to time, unless otherwise agreed to by the Parties.

FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM DAILY BALANCING SERVICE
UNDER RATE SCHEDULE FDBS

DATED:

The Parties identified below, in consideration of their mutual promises, agree as follows:

1. Transporter: EL PASO NATURAL GAS COMPANY
2. Shipper: _____
3. Applicable Tariff: Transporter's FERC Gas Tariff Second Revised Volume No. 1-A, as the same may be amended or superseded from time to time ("Tariff").
4. Incorporation by Reference: This Agreement in all respects shall be subject to the provisions of Rate Schedule FDBS and to the applicable provisions of the General Terms and Conditions of the Tariff as filed with, and made effective by, the FERC as same may change from time to time.
5. Firm Daily Balancing Service: _____
(FDBS-A annual, FDBS-S summer, or FDBS-W winter, as applicable)

Firm Daily Balancing Service for natural gas quantities delivered at primary delivery point(s) applicable to Rate Schedule FT-1 and FT-H scheduled quantities.
Companion Rate Schedule FT-1/FT-H agreement _____

Delivery points: Shipper has Rate Schedule FT-1 or FT-H transportation service agreements with primary delivery point(s) identified in Exhibit A. Transporter agrees to provide firm daily balancing service at such points.
6. Rates and Surcharges: As set forth in Exhibit B. Shipper shall pay the applicable maximum tariff rate unless otherwise provided. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule FDBS.
7. Exhibits A and B, attached to this Agreement, are hereby incorporated by reference as part of this Agreement. The parties may amend Exhibits A and B by mutual agreement, which amendments shall be reflected in a revised Exhibits and shall be incorporated by reference as part of this Agreement.

FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM DAILY BALANCING SERVICE
UNDER RATE SCHEDULE FDBS
(Continued)

8. Negotiated Rate Agreement: Yes _____ No _____

9. Term of Agreement: Beginning: _____
Extending through: _____

This Agreement shall continue in full force and effect year to year thereafter unless terminated by written notice from one Party to the other upon 365 Days written notice. (Use only when applicable.)

10. Effect on Prior Agreement(s): When this Agreement becomes effective, it shall (supersede and cancel -or- amend and restate) the following agreement(s) between the Parties: _____

11. Transportation Contract Demand ("TCD"):

| <u>TCD</u> <u>(Dth/d)</u> | <u>Time Period</u> |
|------------------------------|--------------------|
| ----- | ----- |
| ----- | ----- |
| ----- | ----- |

12. Right-Of-First-Refusal. The right-of-first-refusal, pursuant to Section 20.16, shall (or shall not) apply to this Agreement.

13. Notices, Statements, and Bills:

To Shipper:

Attn: _____

To Transporter:

Attn: _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM DAILY BALANCING SERVICE
UNDER RATE SCHEDULE FDBS
(Continued)

14. Changes in Rates and Terms. Transporter shall have the right to propose to the FERC changes in its rates and terms of service, and this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law, without prejudice to Shipper's right to protest the same.

15. Governing Law: Transporter and Shipper expressly agree that the laws of the State of Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the applicable Tariff provisions. This Agreement is subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

IN WITNESS HEREOF, the parties have caused this Agreement to be electronically executed or in two original counterparts (choose as applicable), by their duly authorized officers, the day and year first set forth herein.

EL PASO NATURAL GAS COMPANY

By _____ By _____
(Title) (Title)

Date _____ Date _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM DAILY BALANCING SERVICE
UNDER RATE SCHEDULE FDBS

(Continued)

EXHIBIT A

To The
Firm Daily Balancing Service Agreement
between
El Paso Natural Gas Company (Transporter)
and _____ (Shipper)
Dated: _____

Shipper's Transportation Contract Demand: See Paragraph 10

| <u>Primary Delivery</u> | <u>Effective</u> | <u>Primary Delivery</u> |
|-------------------------|------------------|-------------------------|
| <u>Point(s)</u> | <u>Dates</u> | <u>Point Quantity</u> |
| | | <u>(Dth per Day)*</u> |
| <u>-----</u> | | |

* The sum of the primary delivery point maximum quantities is equal to
Shipper's Transportation Contract Demand.

FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM DAILY BALANCING SERVICE
UNDER RATE SCHEDULE FDBS
(Continued)

EXHIBIT B

To The
Firm Daily Balancing Service Agreement
between
El Paso Natural Gas Company (Transporter)
and _____ (Shipper)
Dated: _____

Primary

| <u>Delivery</u> | <u>Effective</u> | <u>Reservation</u> | <u>Usage Rate</u> | <u>Term of</u> | <u>Fuel</u> | <u>Surcharges</u> |
|-----------------|------------------|----------------------|-------------------|----------------|-----------------|-------------------|
| <u>Point(s)</u> | <u>Date</u> | <u>Rate (Note 1)</u> | <u>(Note 1)</u> | <u>Rate</u> | <u>(Note 2)</u> | <u>(Note 3)</u> |
| ----- | | | | | | |
| ----- | | | | | | |

NOTES:

- (1) Shipper shall pay the applicable maximum tariff rate unless otherwise provided.
- (2) Fuel and L&U shall be as stated on Transporter's Statement of Rates sheet in the Tariff, as they may be changed from time to time, unless otherwise agreed between the Parties.
- (3) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates sheet, as they may be changed from time to time, unless otherwise agreed to by the Parties.

FORM OF SERVICE AGREEMENT
APPLICABLE TO NO-NOTICE TRANSPORTATION SERVICE - DAILY
UNDER RATE SCHEDULE NNTD

DATED:

The Parties identified below, in consideration of their mutual promises, agree as follows:

1. Transporter: EL PASO NATURAL GAS COMPANY
2. Shipper: _____
3. Applicable Tariff: Transporter's FERC Gas Tariff Second Revised Volume No. 1-A, as the same may be amended or superseded from time to time ("Tariff").
4. Incorporation by Reference: This Agreement in all respects shall be subject to the provisions of Rate Schedule NNTD and to the applicable provisions of the General Terms and Conditions of the Tariff as filed with, and made effective by, the FERC as same may change from time to time.
5. Transportation Service: Daily no-notice transportation service to primary delivery point(s) shall be on a firm basis in accordance with the Tariff.
Receipt and delivery points: Shipper agrees to tender gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt points identified in Exhibit A. Transporter agrees to provide daily no-notice transportation service and deliver gas to Shipper (or for Shipper's account) at the primary delivery points identified in Exhibit A. Minimum and maximum receipt and delivery pressures, as applicable, are listed on Exhibit A.
6. Rates and Surcharges: As set forth in Exhibit B. Shipper shall pay the applicable maximum tariff rate unless otherwise provided. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule NNTD.
7. Exhibits A and B, attached to this Agreement, are hereby incorporated by reference as part of this Agreement. The parties may amend Exhibits A and B by mutual agreement, which amendments shall be reflected in a revised Exhibit(s) and shall be incorporated by reference as part of this Agreement.

FORM OF SERVICE AGREEMENT
APPLICABLE TO NO-NOTICE TRANSPORTATION SERVICE - DAILY
UNDER RATE SCHEDULE NNTD
(Continued)

8. Negotiated Rate Agreement: Yes _____ No _____

9. Term of Agreement: Beginning: _____
Extending through: _____

This Agreement shall continue in full force and effect year to year thereafter unless terminated by written notice from one Party to the other upon 365 Days written notice. (Use only when applicable.)

10. Effect on Prior Agreement(s): When this Agreement becomes effective, it shall (supersede and cancel -or- amend and restate) the following agreement(s) between the Parties: _____

11. No-Notice Transportation Contract Demand ("TCD"):

| <u>TCD</u> <u>(Dth/d)</u> | <u>Time Period</u> |
|------------------------------|--------------------|
| ----- | ----- |
| ----- | ----- |
| ----- | ----- |

12. Right-Of-First-Refusal. The right-of-first-refusal, pursuant to Section 20.16, shall (or shall not) apply to this Agreement.

13. Notices, Statements, and Bills:

To Shipper:

Attn: _____

To Transporter:

Attn: _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO NO-NOTICE TRANSPORTATION SERVICE - DAILY
UNDER RATE SCHEDULE NNTD
(Continued)

14. Changes in Rates and Terms. Transporter shall have the right to propose to the FERC changes in its rates and terms of service, and this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law, without prejudice to Shipper's right to protest the same.

15. Governing Law: Transporter and Shipper expressly agree that the laws of the State of Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the applicable Tariff provisions. This Agreement is subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

IN WITNESS HEREOF, the parties have caused this Agreement to be electronically executed or in two original counterparts (choose as applicable), by their duly authorized officers, the day and year first set forth herein.

EL PASO NATURAL GAS COMPANY

By _____ By _____
(Title) (Title)

Date _____ Date _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO NO-NOTICE TRANSPORTATION SERVICE - DAILY
UNDER RATE SCHEDULE NNTD
(Continued)

EXHIBIT A

To The
Daily No-Notice Firm Transportation Service Agreement
between
El Paso Natural Gas Company (Transporter)
and _____ (Shipper)
Dated: _____

Shipper's No-Notice Transportation Contract Demand: See Paragraph 10

| <u>Primary Receipt</u> | | <u>Primary Receipt</u> | <u>Minimum</u> | <u>Maximum</u> |
|------------------------|------------------|----------------------------|-----------------|-----------------|
| <u>Point/Path(s)</u> | <u>Effective</u> | <u>Point/Path Quantity</u> | <u>Pressure</u> | <u>Pressure</u> |
| | <u>Dates</u> | <u>(Dth per Day)*</u> | <u>p.s.i.g.</u> | <u>p.s.i.g.</u> |
| ----- | | | | |
| ----- | | | | |

| <u>Primary Delivery</u> | | <u>Primary Delivery</u> | <u>Minimum</u> | <u>Maximum</u> |
|-------------------------|------------------|----------------------------|-----------------|-----------------|
| <u>Point/Path(s)</u> | <u>Effective</u> | <u>Point/Path Quantity</u> | <u>Pressure</u> | <u>Pressure</u> |
| | <u>Dates</u> | <u>(Dth per Day)*</u> | <u>p.s.i.g.</u> | <u>p.s.i.g.</u> |
| ----- | | | | |
| ----- | | | | |

* The sum of the primary receipt/delivery point/path maximum quantities is equal to Shipper's No-Notice Transportation Contract Demand.

FORM OF SERVICE AGREEMENT
APPLICABLE TO NO-NOTICE TRANSPORTATION SERVICE - DAILY
UNDER RATE SCHEDULE NNTD
(Continued)

EXHIBIT B

To The
Daily No-Notice Firm Transportation Service Agreement
between
El Paso Natural Gas Company (Transporter)
and _____ (Shipper)
Dated: _____

Primary

| <u>Delivery</u> | <u>Effective</u> | <u>Reservation</u> | <u>Usage Rate</u> | <u>Term of</u> | <u>Fuel</u> | <u>Surcharges</u> |
|-----------------|------------------|----------------------|-------------------|----------------|-----------------|-------------------|
| <u>Point(s)</u> | <u>Date</u> | <u>Rate (Note 1)</u> | <u>(Note 1)</u> | <u>Rate</u> | <u>(Note 2)</u> | <u>(Note 3)</u> |
| ----- | | | | | | |
| ----- | | | | | | |

NOTES:

- (1) Shipper shall pay the applicable maximum tariff rate unless otherwise provided.
- (2) Fuel and L&U shall be as stated on Transporter's Statement of Rates sheet in the Tariff, as they may be changed from time to time, unless otherwise agreed between the Parties.
- (3) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates sheet, as they may be changed from time to time, unless otherwise agreed to by the Parties.

FORM OF SERVICE AGREEMENT
APPLICABLE TO NO-NOTICE TRANSPORTATION SERVICE - HOURLY
UNDER RATE SCHEDULE NNTH
DATED:

The Parties identified below, in consideration of their mutual promises, agree as follows:

1. Transporter: EL PASO NATURAL GAS COMPANY
2. Shipper: _____
3. Applicable Tariff: Transporter's FERC Gas Tariff Second Revised Volume No. 1-A, as the same may be amended or superseded from time to time ("Tariff").
4. Incorporation by Reference: This Agreement in all respects shall be subject to the provisions of Rate Schedule NNTH and to the applicable provisions of the General Terms and Conditions of the Tariff as filed with, and made effective by, the FERC as same may change from time to time.
5. Hourly No-Notice Firm Transportation Service: _____
(Three Hour Enhanced "NNTH-3", Twelve Hour Peaking "NNTH-12", or Sixteen Hour Peaking "NNTH-16" - insert as applicable)

Transportation Service: Hourly no-notice transportation service to primary delivery point(s) shall be on a firm basis in accordance with the Tariff.

Receipt and delivery points: Shipper agrees to tender gas for transportation service and Transporter agrees to accept receipt quantities at the primary receipt points identified in Exhibit A. Transporter agrees to provide transportation service and deliver gas to Shipper (or for Shipper's account) at the primary delivery points identified in Exhibit A. Minimum and maximum receipt and delivery pressures, as applicable, are listed on Exhibit A.
6. Rates and Surcharges: As set forth in Exhibit B. Shipper shall pay the applicable maximum tariff rate unless otherwise provided. Transporter and Shipper may mutually agree to a discounted rate pursuant to the rate provisions of Rate Schedule NNTH.
7. Exhibits A and B, attached to this Agreement, are hereby incorporated by reference as part of this Agreement. The parties may amend Exhibits A and B by mutual agreement, which amendments shall be reflected in a revised Exhibit(s) and shall be incorporated by reference as part of this Agreement.

FORM OF SERVICE AGREEMENT
APPLICABLE TO NO-NOTICE TRANSPORTATION SERVICE - HOURLY
UNDER RATE SCHEDULE NNTH
(Continued)

8. Negotiated Rate Agreement: Yes _____ No _____

9. Term of Agreement: Beginning: _____
Extending through: _____

This Agreement shall continue in full force and effect year to year thereafter unless terminated by written notice from one Party to the other upon 365 Days written notice. (Use only when applicable.)

10. Effect on Prior Agreement(s): When this Agreement becomes effective, it shall (supersede and cancel -or- amend and restate) the following agreement(s) between the Parties: _____

11. No-Notice Transportation Contract Demand ("TCD"):

| <u>TCD</u> <u>(Dth/d)</u> | <u>Time Period</u> |
|------------------------------|--------------------|
| ----- | ----- |
| ----- | ----- |
| ----- | ----- |

12. Right-Of-First-Refusal. The right-of-first-refusal, pursuant to Section 20.16, shall (or shall not) apply to this Agreement.

13. Notices, Statements, and Bills:

To Shipper:

Attn: _____

To Transporter:

Attn: _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO NO-NOTICE TRANSPORTATION SERVICE - HOURLY
UNDER RATE SCHEDULE NNTH
(Continued)

14. Changes in Rates and Terms. Transporter shall have the right to propose to the FERC changes in its rates and terms of service, and this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law, without prejudice to Shipper's right to protest the same.

15. Governing Law: Transporter and Shipper expressly agree that the laws of the State of Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the applicable Tariff provisions. This Agreement is subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

IN WITNESS HEREOF, the parties have caused this Agreement to be electronically executed or in two original counterparts (choose as applicable), by their duly authorized officers, the day and year first set forth herein.

EL PASO NATURAL GAS COMPANY

By _____ By _____
(Title) (Title)

Date _____ Date _____

FORM OF SERVICE AGREEMENT
APPLICABLE TO NO-NOTICE TRANSPORTATION SERVICE - HOURLY
UNDER RATE SCHEDULE NNTH
(Continued)

EXHIBIT A

To The
Hourly No-Notice Firm Transportation Service Agreement
between
El Paso Natural Gas Company (Transporter)
and _____ (Shipper)
Dated: _____

Shipper's No-Notice Transportation Contract Demand: See Paragraph 10

| <u>Primary Receipt</u> | | <u>Primary Receipt</u> | <u>Minimum</u> | <u>Maximum</u> |
|------------------------|------------------|----------------------------|-----------------|-----------------|
| <u>Point/Path(s)</u> | <u>Effective</u> | <u>Point/Path Quantity</u> | <u>Pressure</u> | <u>Pressure</u> |
| | <u>Dates</u> | <u>(Dth per Day)*</u> | <u>p.s.i.g.</u> | <u>p.s.i.g.</u> |
| ----- | | | | |
| ----- | | | | |

| <u>Primary Delivery</u> | | <u>Primary Delivery</u> | <u>Minimum</u> | <u>Maximum</u> |
|-------------------------|------------------|----------------------------|-----------------|-----------------|
| <u>Point/Path(s)</u> | <u>Effective</u> | <u>Point/Path Quantity</u> | <u>Pressure</u> | <u>Pressure</u> |
| | <u>Dates</u> | <u>(Dth per Day)*</u> | <u>p.s.i.g.</u> | <u>p.s.i.g.</u> |
| ----- | | | | |
| ----- | | | | |

* The sum of the primary receipt/delivery point/path maximum quantities is equal to Shipper's No-Notice Transportation Contract Demand.

FORM OF SERVICE AGREEMENT
APPLICABLE TO NO-NOTICE TRANSPORTATION SERVICE - HOURLY
UNDER RATE SCHEDULE NNTH
(Continued)

EXHIBIT B

To The
Hourly No-Notice Firm Transportation Service Agreement
between
El Paso Natural Gas Company (Transporter)
and _____ (Shipper)
Dated: _____

Primary

| <u>Delivery</u> | <u>Effective</u> | <u>Reservation</u> | <u>Usage Rate</u> | <u>Term of</u> | <u>Fuel</u> | <u>Surcharges</u> |
|-----------------|------------------|----------------------|-------------------|----------------|-----------------|-------------------|
| <u>Point(s)</u> | <u>Date</u> | <u>Rate (Note 1)</u> | <u>(Note 1)</u> | <u>Rate</u> | <u>(Note 2)</u> | <u>(Note 3)</u> |
| ----- | | | | | | |
| ----- | | | | | | |

NOTES:

- (1) Shipper shall pay the applicable maximum tariff rate unless otherwise provided.
- (2) Fuel and L&U shall be as stated on Transporter's Statement of Rates sheet in the Tariff, as they may be changed from time to time, unless otherwise agreed between the Parties.
- (3) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates sheet, as they may be changed from time to time, unless otherwise agreed to by the Parties.

Reserved for future use.

FORM OF SERVICE AGREEMENT
APPLICABLE TO OPERATOR POINT AGGREGATION SERVICE
UNDER RATE SCHEDULE OPAS

DATED:

The Parties identified below, in consideration of their mutual promises, agree as follows:

1. Transporter: EL PASO NATURAL GAS COMPANY
2. DP Operator: _____
3. Applicable Tariff: Transporter's FERC Gas Tariff Second Revised Volume No. 1-A, as the same may be amended or superseded from time to time ("Tariff").
4. Incorporation by Reference: This Agreement in all respects shall be subject to the provisions of Rate Schedule OPAS and to the applicable provisions of the General Terms and Conditions of the Tariff as filed with, and made effective by, the FERC as same may change from time to time.
5. Delivery point aggregation service shall be provided in accordance with the Tariff.

Delivery Points: The individual delivery point meters and Maximum Delivery Obligations ("MDOs") at the meter level that are subject to this Agreement are set forth in Exhibit A.

D-Codes: The D-Codes and Maximum Delivery Quantity ("MDQ") at each D-Code subject to this Agreement are set forth in Exhibit A.

Transporter and DP Operator agree to the use of:

1. The identified D-Code for the purpose of nominating, scheduling, and accounting for gas quantities received by DP Operator at the identified delivery point meters; and
2. The identified MDOs for the purpose of defining Transporter's maximum delivery obligations at the individual delivery point meters.

Exhibit A, attached to this Agreement, is hereby incorporated by reference as part of this Agreement. The parties may amend Exhibit A by mutual agreement, which amendments shall be reflected in a revised exhibit and shall be incorporated by reference as part of this Agreement.

6. Rates and Surcharges: As set forth in Rate Schedule OPAS.

FORM OF SERVICE AGREEMENT
APPLICABLE TO OPERATOR POINT AGGREGATION SERVICE
UNDER RATE SCHEDULE OPAS
(Continued)

7. Term of Agreement: Beginning: _____
Extending through: _____

This Agreement shall continue in full force and effect year to year thereafter unless terminated by written notice from one Party to the other upon 365 Days written notice. (Use only when applicable.)

8. Effect on Prior Agreement(s): When this Agreement becomes effective, it shall (supersede and cancel -or- amend and restate) the following agreement(s) between the Parties: _____

9. Notices and Statements:

To DP Operator:

Attn: _____

To Transporter:

Attn: _____

10. Changes in Rates and Terms. Transporter shall have the right to propose to the FERC changes in its rates and terms of service, and this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law, without prejudice to Shipper's right to protest the same.

11. Governing Law: Transporter and Shipper expressly agree that the laws of the State of Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the applicable Tariff provisions. This Agreement is subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

FORM OF SERVICE AGREEMENT
APPLICABLE TO OPERATOR POINT AGGREGATION SERVICE
UNDER RATE SCHEDULE OPAS
(Continued)

EXHIBIT A

To The
Operator Point Aggregation Service Agreement
between
El Paso Natural Gas Company (Transporter)
and _____ (DP Operator)

DATED: _____

D-Code: _____

D-Code Maximum Delivery Quantity ("MDQ"): _____

| <u>Delivery Meter</u> | <u>Maximum Delivery Obligation ("MDO")</u> |
|-----------------------|--|
| _____ | _____ |
| _____ | _____ |
| ----- | ----- |

* The sum of the delivery meter MDOs is equal to the D-Code MDQ.

Sheet Nos. 486 through 499 are
reserved for future use.