

APPENDIX A

TRANSWESTERN PIPELINE COMPANY, LLC
FERC Gas Tariff
Third Revised Volume No. 1

Proposed to be effective November 1, 2006

Fourth Revised Sheet No. 5
Fourth Revised Sheet No. 5A
Fifth Revised Sheet No. 5B
First Revised Sheet No. 5C
First Revised Sheet No. 5D
Original Sheet No. 5D.01
First Revised Sheet No. 5E
First Revised Sheet No. 5F

CURRENTLY EFFECTIVE RATES RATE SCHEDULES FTS-1, FTS-4 and LFI						
	Base	Surcharges (1)		Maximum	Minimum	Maximum
	Rate	ACA	Other	Rate	Rate	Fuel
	Per Dth			Per Dth	Per Dth	Reimbursement (9)
Delivered to West of Thoreau California						
Received from East of Thoreau						
- Reservation Rate	\$ 0.5735	-	-	\$ 0.5735	\$ 0.0000	-
- Usage Rate	0.0207	\$ 0.0016	-	0.0223	0.0207	3.26%
- Overrun Rate (2)	0.5942	0.0016	-	0.5958	0.0207	3.26
Received from West of Thoreau						
- Reservation Rate (3)	\$ 0.3644	-	-	\$ 0.3644	\$ 0.0000	-
- Usage Rate (3)	0.0089	\$ 0.0016	-	0.0105	0.0089	1.55%
- Overrun Rate (2)(3)	0.3733	0.0016	-	0.3749	0.0089	1.55
Received from San Juan						
- Reservation Rate	\$ 0.5568	-	-	\$ 0.5568	\$ 0.0000	-
- Usage Rate	0.0111	\$ 0.0016	-	0.0127	0.0111	-
- Overrun Rate (2)	0.5679	0.0016	-	0.5695	0.0111	-
- San Juan Blanco (7)	-	-	-	-	-	3.14%
- San Juan N. of Blanco (8)	-	-	-	-	-	3.59
Delivered to West of Thoreau East of California (4)						
Received from East of Thoreau						
- Reservation Rate	\$ 0.5252	-	-	\$ 0.5252	\$ 0.0000	-
- Usage Rate	0.0207	\$ 0.0016	-	0.0223	0.0207	2.54%
- Overrun Rate (2)	0.5459	0.0016	-	0.5475	0.0207	2.54
Received from West of Thoreau						
- Reservation Rate (3)	\$ 0.3161	-	-	\$ 0.3161	\$ 0.0000	-
- Usage Rate (3)	0.0089	\$ 0.0016	-	0.0105	0.0089	0.83%
- Overrun Rate (2)(3)	0.3250	0.0016	-	0.3266	0.0089	0.83
Received from San Juan						
- Reservation Rate	\$ 0.5085	-	-	\$ 0.5085	\$ 0.0000	-
- Usage Rate	0.0111	\$ 0.0016	-	0.0127	0.0111	-
- Overrun Rate (2)	0.5196	0.0016	-	0.5212	0.0111	-
- San Juan Blanco (7)	-	-	-	-	-	2.42%
- San Juan N. of Blanco (8)	-	-	-	-	-	2.87
Delivered to Thoreau/San Juan South of Blanco (5)						
Received from East of Thoreau						
- Reservation Rate	\$ 0.2091	-	-	\$ 0.2091	\$ 0.0000	-
- Usage Rate	0.0118	-	-	0.0118	0.0118	1.71%
- Overrun Rate (2)	0.2209	-	-	0.2209	0.0118	1.71
Received from San Juan						
- Reservation Rate	\$ 0.1924	-	-	\$ 0.1924	\$ 0.0000	-
- Usage Rate	0.0022	-	-	0.0022	0.0022	-
- Overrun Rate (2)	0.1946	-	-	0.1946	0.0022	-
- San Juan Blanco (7)	-	-	-	-	-	1.59%
- San Juan N. of Blanco (8)	-	-	-	-	-	2.04
Delivered to San Juan N. of Blanco						
Received from San Juan N. of Blanco (8)						
- Reservation Rate	\$ 0.1924	-	-	\$ 0.1924	\$ 0.0000	-
- Usage Rate	0.0022	\$ 0.0016	-	0.0038	0.0022	0.55%
- Overrun Rate (2)	0.1946	0.0016	-	0.1962	0.0022	0.55

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CURRENTLY EFFECTIVE RATES
 RATE SCHEDULES FIS-1, FIS-4 and LFI
 (continued)

	Base	Surcharges (1)		Maximum	Minimum	Maximum
	Rate	ACA	Other	Rate	Rate	Fuel
	Per Dth			Per Dth	Per Dth	Reimbursement (9)
Delivered to East of Thoreau (6)						
Received from East of Thoreau						
- Reservation Rate (3)	\$ 0 2091	-	-	\$ 0 2091	\$ 0 0000	-
- Usage Rate (3)	0 0118	\$ 0 0016	-	0 0134	0 0118	-
- Overrun Rate (2) (3)	0 2209	0 0016	-	0 2225	0 0118	-
- Received at Thoreau	-	-	-	-	-	1.39%
- Other East of Thoreau	-	-	-	-	-	1.35
Received from West of Thoreau						
- Reservation Rate	\$ 0 5735	-	-	\$ 0 5735	\$ 0 0000	-
- Usage Rate	0 0207	\$ 0 0016	-	0 0223	0 0207	2.84%
- Overrun Rate (2)	0 5942	0 0016	-	0 5958	0 0207	2.84
Received from San Juan						
- Reservation Rate	\$ 0 4015	-	-	\$ 0 4015	\$ 0 0000	-
- Usage Rate	0 0140	\$ 0 0016	-	0 0156	0 0140	-
- Overrun Rate (2)	0 4155	0 0016	-	0 4171	0 0140	-
- San Juan Blanco (7)	-	-	-	-	-	2.98%
- San Juan N of Blanco (8)	-	-	-	-	-	3.43

Backhaul transportation is transportation on Transporter's system that is opposite to the actual physical flow from the point of receipt to the point of delivery. The backhaul rate will be the same as a forward haul rate; however, the backhaul fuel rate shall be 0.10%.

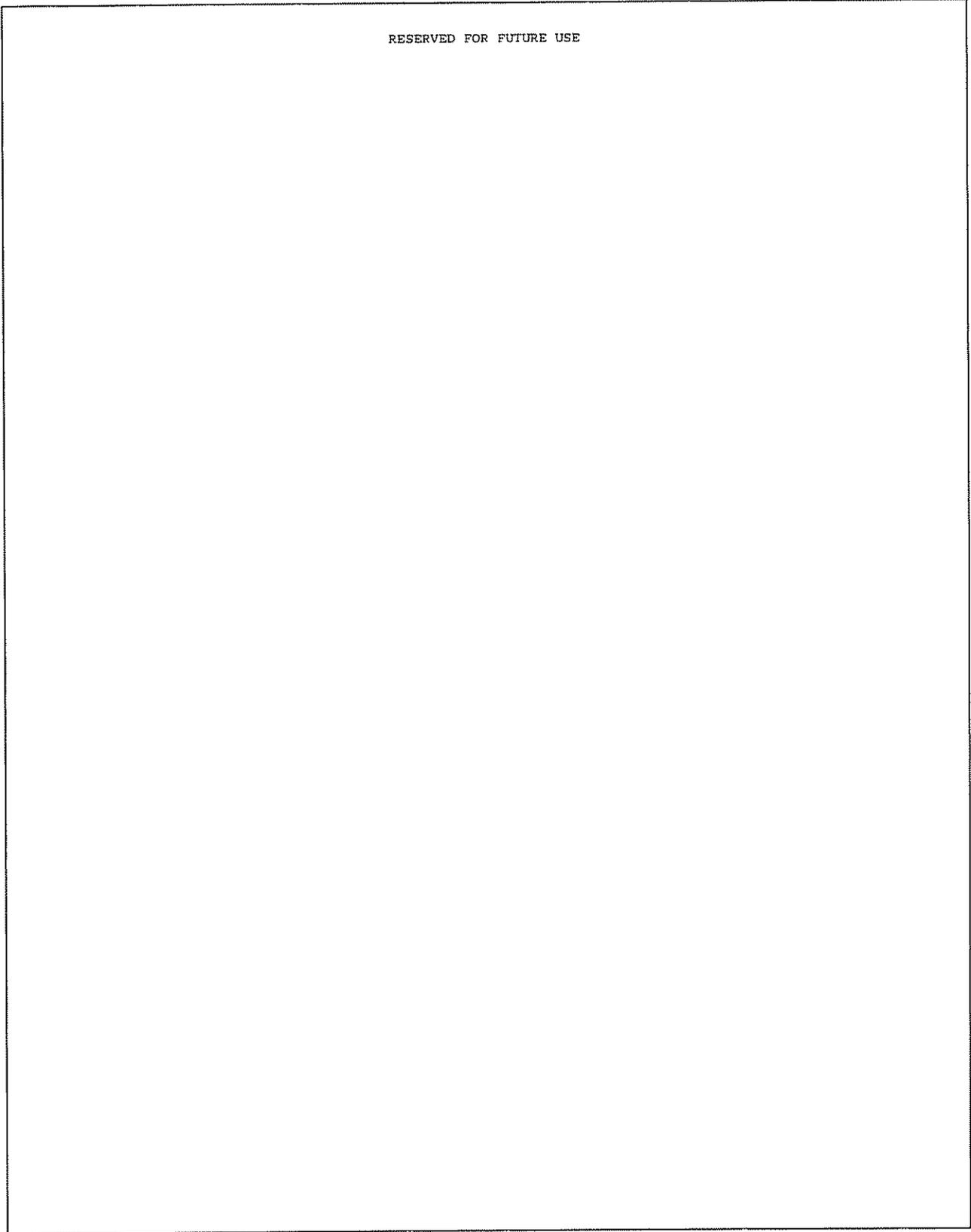
- (1) Surcharges shall not be applied to the same quantity of gas more than once.
- (2) Maximum firm volumetric rate applicable for capacity release
- (3) Includes receipts from the Thoreau/San Juan Point.
- (4) These rates will be applicable to all delivery points West of the Thoreau/San Juan Point except for deliveries to the California border, which includes points located West of the junction of the mainline with the Topock Lateral at mile post 75.2 West of Compressor Station No. 1.
- (5) No surcharges are applicable to these rates.
- (6) These rates will be applicable to all delivery points East of the Thoreau/San Juan Point except for deliveries to the Thoreau/San Juan Point.
- (7) This fuel will be applicable to all receipts in San Juan except for receipts north of the Blanco Hub.
- (8) This fuel will be applicable to all receipts in San Juan north of the Blanco Hub.
- (9) Transport fuel percentages are from Receipt Point Area through to Delivery Point Area and shall be applied to receipt quantities. The minimum Transport Fuel charge will not be lower than actual fuel costs, if any.

CURRENTLY EFFECTIVE RATES
 RATE SCHEDULE FIS-2

	Base Rate Per Dth -----	Surcharges		Maximum Rate Per Dth -----	Minimum Rate Per Dth -----	Maximum Fuel Reimbursement -----
		ACA	Other			
Usage Rate	\$ 0.3473	\$ 0.0016	-	\$ 0.3489	\$ 0.0119	(1)
Sales Rate (2)						

Backhaul transportation is transportation on Transporter's system that is opposite to the actual physical flow from the point of receipt to the point of delivery. The backhaul rate will be the same as a forward haul rate; however, the backhaul fuel rate shall be 0.10%.

- (1) Transport fuel percentages under this Rate Schedule FIS-2 shall be the same as the fuel percentages under Rate Schedule FIS-1. Refer to the Maximum Fuel Reimbursement, as applicable, under Rate Schedules FIS-1, FIS-4 and LFT currently effective Rate Sheets.
- (2) For all sales customers, the gas sales rate shall be negotiated between Transporter and customer. The point of sale on Transporter's system will be the point at which such sales gas enters facilities owned by Transporter.



RESERVED FOR FUTURE USE

CURRENTLY EFFECTIVE RATES RATE SCHEDULE ITS-1						
	Base	Surcharges (1)		Maximum	Minimum	Maximum
	Rate	ACA	Other	Rate	Rate	Fuel
	Per Dth			Per Dth	Per Dth	Reimbursement (6)
	-----	-----	-----	-----	-----	-----
Delivered to West of Thoreau						
California						
Received from East of Thoreau						
- Usage Rate	\$ 0.5942	\$ 0.0016	-	\$ 0.5958	\$ 0.0207	3.26%
Received from West of Thoreau (2)						
- Usage Rate	\$ 0.3733	\$ 0.0016	-	\$ 0.3749	\$ 0.0089	1.55%
Received from San Juan						
- Usage Rate	\$ 0.5679	\$ 0.0016	-	\$ 0.5695	\$ 0.0111	-
- San Juan Blanco (7)	-	-	-	-	-	3.14%
- San Juan N. of Blanco (8)	-	-	-	-	-	3.59
Delivered to West of Thoreau						
East of California (3)						
Received from East of Thoreau						
- Usage Rate	\$ 0.5459	\$ 0.0016	-	\$ 0.5475	\$ 0.0207	2.54%
Received from West of Thoreau (2)						
- Usage Rate	\$ 0.3250	\$ 0.0016	-	\$ 0.3266	\$ 0.0089	0.83%
Received from San Juan						
- Usage Rate	\$ 0.5196	\$ 0.0016	-	\$ 0.5212	\$ 0.0111	-
- San Juan Blanco (7)	-	-	-	-	-	2.42%
- San Juan N. of Blanco (8)	-	-	-	-	-	2.87
Delivered to Thoreau/San Juan South of Blanco (4)						
Received from East of Thoreau						
- Usage Rate	\$ 0.2209	-	-	\$ 0.2209	\$ 0.0118	1.71%
Received from San Juan						
- Usage Rate	\$ 0.1946	-	-	\$ 0.1946	\$ 0.0022	-
- San Juan Blanco (7)	-	-	-	-	-	1.59%
- San Juan N. of Blanco (8)	-	-	-	-	-	2.04
Delivered to San Juan N. of Blanco						
Received from San Juan N. of Blanco						
- Usage Rate	\$ 0.1946	\$ 0.0016	-	\$ 0.1962	\$ 0.0022	0.55%
Delivered to East of Thoreau (5)						
Received from East of Thoreau (2)						
- Usage Rate	\$ 0.2209	\$ 0.0016	-	\$ 0.2225	\$ 0.0118	-
- Received at Thoreau	-	-	-	-	-	1.39%
- Other East of Thoreau	-	-	-	-	-	1.35
Received from West of Thoreau						
- Usage Rate	\$ 0.5942	\$ 0.0016	-	\$ 0.5958	\$ 0.0207	2.84%
Received from San Juan						
- Usage Rate	\$ 0.4155	\$ 0.0016	-	\$ 0.4171	\$ 0.0140	-
- San Juan Blanco (7)	-	-	-	-	-	2.98%
- San Juan N of Blanco (8)	-	-	-	-	-	3.43

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CURRENTLY EFFECTIVE RATES
RATE SCHEDULE IIS-1
(continued)

Backhaul transportation is transportation on Transporter's system that is opposite to the actual physical flow from the point of receipt to the point of delivery. The backhaul rate will be the same as a forward haul rate; however, the backhaul fuel rate shall be 0.10%.

- (1) Surcharges shall not be applied to the same quantity of gas more than once.
- (2) Includes receipts from the Thoreau/San Juan Point.
- (3) These rates will be applicable to all delivery points West of the Thoreau/San Juan Point except for deliveries to the California border, which includes points located West of the junction of the mainline with the Topock Lateral at mile post 75.2 West of Compressor Station No. 1.
- (4) No surcharges are applicable to these rates.
- (5) These rates will be applicable to all delivery points East of Thoreau/San Juan Point except for deliveries to the Thoreau/San Juan Point.
- (6) Transport fuel percentages are from Receipt Point Area through to Delivery Point Area and shall be applied to receipt quantities. The minimum Transport Fuel charge will not be lower than actual fuel costs, if any.
- (7) This fuel will be applicable to all receipts in San Juan except for receipts north of the Blanco Hub.
- (8) This fuel will be applicable to all receipts in San Juan north of the Blanco Hub.

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CURRENTLY EFFECTIVE RATES
RATE SCHEDULE PNR

	Maximum Rate Per Dth -----	Minimum Rate Per Dth -----
Daily Parking Rate	\$ 0.5942	\$ 0.0207

RESERVED FOR FUTURE USE

APPENDIX B

TRANSWESTERN PIPELINE COMPANY, LLC
FERC Gas Tariff
Third Revised Volume No. 1

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RATE SCHEDULE FIS-1
Firm Transportation Service
(continued)

3. RATE

The applicable rates for the purpose of computing charges under this Rate Schedule are set forth in the currently effective Rate Sheets of this Tariff and are incorporated herein. For all natural gas delivered to Shipper each month under this Rate Schedule, Shipper shall pay Transporter each month the sum of the applicable Reservation Charge, Usage Charge and Overrun Charge as set forth in Sections 3.1, 3.2, 3.3, 3.4, 3.5, and 3.6.

- 3.1 (a) Reservation Charge: The applicable Reservation Charge (plus any applicable surcharges) multiplied by the Monthly Demand Billing Units or MAXDTQ related to the Primary Receipt and Delivery Points as set forth in Shipper's currently effective applicable FIS-1 Service Agreement, times the number of days in the billing month.
- (b) Additional Reservation Charge for Alternate Point(s): If a Shipper nominates and transports using Alternate Receipt Point(s) or Alternate Delivery Point(s) that are outside the Shipper's Primary Path, then Shipper will pay an additional Reservation Charge, not to exceed the maximum applicable tariff rate, as negotiated between Shipper and Transporter, applicable to such service outside the Primary Path. Such rate will apply on a daily basis for as long as any alternate point outside the Primary Path is utilized.
- 3.2 (a) Reservation Charge Crediting: General rule. During the months of December, January, February, July and August (the "Tariff Months"), except as provided in Section 3.2(c), the Reservation Charge that Shipper pays to Transporter under this Rate Schedule shall be reduced at Shipper's election for any failure by Transporter to schedule the quantities of gas that have been nominated and confirmed in accordance with Section 22 of the General Terms and Conditions of this Tariff (up to the aggregate MAXDTQ), less Transport Fuel. The reduction shall be calculated based upon the ratio of (i) the volume of gas that had been nominated and confirmed, less Transport Fuel, but not scheduled during the month to (ii) the total volumes of gas nominated and confirmed during the month, less Transport Fuel, times (iii) the total Reservation Charge owed Transporter for that month. Transporter shall attempt to schedule maintenance of its facilities during months other than the Tariff Months.

RATE SCHEDULE FTS-1
Firm Transportation Service
(continued)

(b) Exceptions applicable to failure to schedule due to scheduled maintenance in non-Tariff Months. If due to scheduled maintenance Transporter fails to schedule the quantities of gas that have been nominated and confirmed in accordance with Section 22 of the General Terms and Conditions of this Tariff (up to the aggregate MAXDTQ), less Transport Fuel, then the Reservation Charge shall be reduced and such reduction shall be calculated as provided in Section 3 2(a)(i), (ii) and (iii) above; provided, however, that such reduction shall not apply if (i) the scheduled maintenance does not exceed ten (10) days in any calendar quarter, (ii) Transporter has provided advance notice of the scheduled maintenance, and (iii) scheduled quantities to Shipper do not fall below seventy-five percent (75%) of nominated and confirmed quantities for any given month.

(c) Exceptions applicable to failure to schedule for any reason. The Reservation Charge reduction shall not, however, apply: (i) during periods of unscheduled maintenance not to exceed ten (10) days in any calendar quarter; (ii) during the occurrence of a "force majeure" event as set forth in Section 11.1 of the General Terms and Conditions of this Tariff (but only to the extent of such "force majeure"); (iii) to any failure by Transporter to schedule volumes nominated and confirmed in accordance with Section 22 of the General Terms and Conditions of this Tariff up to the aggregate MAXDTQ, which is attributable to the fault (including "force majeure") of Shipper or Shipper's suppliers; (iv) to the extent the Maximum Reservation Charge is discounted to Shipper; and/or (v) to the extent the volumes nominated and confirmed for delivery, less Transport Fuel, in accordance with Section 22 of the General Terms and Conditions of this Tariff (up to the aggregate MAXDTQ) exceeds scheduled quantities, less Transport Fuel, by five percent (5%) or less, except as otherwise mutually agreed to by Shipper and Transporter. Unscheduled maintenance shall mean unanticipated or unplanned maintenance on the pipeline system required to be performed to ensure that gas continues to flow.

3 3 Usage Charge: For transportation of natural gas on Transporter's system, the applicable Usage Charge for Rate Schedule FTS-1 shall be multiplied by the quantity of gas scheduled during the month. Except as provided for in Section 3.5, the Maximum Usage Charge shall include (1) Maximum Usage Charge, as applicable, and (2) all applicable surcharges. In addition, Shipper shall deliver, at the point of receipt under the FTS-1 Service Agreement, Transport Fuel, as set forth in the currently effective Rate Sheets of this Tariff

RATE SCHEDULE FTS-1
Firm Transportation Service
(continued)

3.4 Overrun Charge: On any day that gas scheduled from Shipper for transportation is in excess of the MAXDTQ (exclusive of Transport Fuel), then the Usage Charge applicable to such overrun gas shall be the 100% load factor rate under the applicable Rate Schedule.

3.5 Discounted Rates: Transporter may from time to time and at any time at its sole discretion and expense, charge any individual Shipper for transportation service under Rate Schedule FTS-1, a Reservation Charge, a Usage Charge, or an Overrun Charge which is lower than the stated rates set forth in Shipper's FTS-1 Service Agreement or on the currently effective Rate Sheets; provided, however, that such rate charged may not be less than the applicable Minimum Rate set forth on the currently effective Rate Sheets for Rate Schedules FTS-1 and IIS-1.

Transporter shall file with the Commission any and all reports as required by the Commission's Regulations setting forth the applicable charge, the individual Shipper(s) affected, the volume transported and any other information which may be required

3.6 Negotiated Rates: Transporter and Shipper may mutually agree to rates for services that may be below the minimum rates or above the maximum rates set forth on the currently effective Rate Sheets for Rate Schedule FTS-1. For each Negotiated Rate transaction, Transporter shall file, at least one day prior to the commencement of service, tariff sheets which include the Shipper, the rate or formula used to calculate the rate, the term, the volume, and the receipt and delivery points applicable to the service.

RATE SCHEDULE LFI
Limited Firm Transportation Service
(continued)

3 RATE

The applicable rates for the purpose of computing charges under this Rate Schedule are set forth in the currently effective Rate Sheets of this Tariff and are incorporated herein. For all natural gas delivered to Shipper each month under this Rate Schedule, Shipper shall pay Transporter each month the sum of the applicable Reservation Charge, Usage Charge and Overrun Charge as set forth in Sections 3.1, 3.2, 3.3, 3.4, 3.5, and 3.6.

3.1 (a) Reservation Charge: The applicable Reservation Charge (plus any applicable surcharges) multiplied by the Monthly Demand Billing Units or MAXDTQ related to the Primary Receipt and Delivery Points as set forth in Shipper's currently effective applicable LFI Service Agreement, times the difference between the number of days in the billing month and the number of Limited Days. Additionally, for each Limited Day on which any quantity of gas is transported, the Reservation Charge shall be the applicable Reservation Charge (plus any applicable surcharges) multiplied by the quantity of gas actually transported.

(b) Additional Reservation Charge for Alternate Point(s): If a Shipper nominates and transports using Alternate Receipt Point(s) or Alternate Delivery Point(s) that are outside the Shipper's Primary Path, then Shipper will pay an additional Reservation Charge, not to exceed the maximum applicable tariff rate, as negotiated between Shipper and Transporter, applicable to such service outside the Primary Path. Such rate will apply on a daily basis for as long as any alternate point outside the Primary Path is utilized.

3.2 Section 3.2 of Rate Schedule FIS-1 is incorporated herein; provided, however, that the LFI Rate Schedule or Service Agreement shall be substituted and apply where the FIS-1 rate. Rate Schedule or Service Agreement are referenced.

The provisions of this Section 3.2 shall not apply to any Limited Day.

RATE SCHEDULE LFT
Limited Firm Transportation Service
(continued)

3 3 Usage Charge: For transportation of natural gas on Transporter's system, the applicable Usage Charge for Rate Schedule LFT shall be multiplied by the quantity of gas scheduled during the month. Except as provided for in Section 3 5, the Maximum Usage Charge shall include (1) Maximum Usage Charge, as applicable, and (2) all applicable surcharges. In addition, Shipper shall deliver, at the point of receipt under the LFT Service Agreement, Transport Fuel, as set forth in the currently effective Rate Sheets of this Tariff.

RESERVED FOR FUTURE USE

GENERAL TERMS AND CONDITIONS
(continued)

1. DEFINITIONS

Except as otherwise indicated, the following terms when used herein or in any agreement incorporating these General Terms and Conditions in this FERC Gas Tariff are intended, used and shall be construed to have the following meaning:

"Agent" shall mean one who is authorized, in writing, to act for a Shipper or Operator, and who may do and perform any such authorized acts as may be required to be performed by a Shipper or Operator under this Tariff (including, but not limited to, nominating, scheduling, and/or confirming quantities of gas for transportation; receiving bills; and reconciling and clearing imbalances), as if the same were being performed by the Shipper or Operator itself

"Alternate Delivery Point" for service under Rate Schedules FIS-1, LFI, FIS-4, or FIS-2 shall mean the point(s) of delivery points within the direction of flow of Shipper's Primary Path on Transporter's system under Shipper's FIS-1, LFI, FIS-4 or FIS-2 Service Agreement, other than Primary Delivery Points, where Shipper nominates quantities; provided, however, that service to such alternate point(s) shall be on an interruptible basis (i.e., may be interrupted only by a firm shipper using the point(s) as a primary point(s)) under Shipper's Service Agreement for a period not exceeding one calendar month until and unless renominated and scheduled.

"Alternate Receipt Point" shall mean all eligible receipt points within the direction of flow of Shipper's Primary Path on Transporter's system and volumes in excess of Primary Receipt Point volumes, from which Shipper under Rate Schedule FIS-1, LFI, FIS-4 or FIS-2 may nominate volumes to be received on an interruptible basis (i.e., may be interrupted only by a firm shipper using the point(s) as a primary point(s)) under its FIS-1, LFI, FIS-4 or FIS-2 Service Agreement for a period not exceeding one calendar month until and unless renominated and scheduled

"British Thermal Unit" (Btu) shall mean the amount of heat required to raise the temperature of one (1) pound of water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit.

"Area" shall mean those receipt/delivery point areas defined in Section 28 of the General Terms and Conditions.

"Business day (business day)" is defined as Monday through Friday, excluding Federal Banking Holidays.

"Central Clock Time" shall mean Central Standard Time throughout the year, as adjusted for Central Daylight Time

"Commission" or "FERC" shall mean the Federal Energy Regulatory Commission or any successor regulatory agency.

"Cubic foot (cubic foot)" shall mean the volume of gas which occupies one cubic foot of space measured at 14.73 pounds per square inch absolute at a temperature of 60 degrees Fahrenheit in accordance with Section 4 hereof.

"Day (day)" shall mean a period of 24 consecutive hours beginning and ending at nine o'clock a.m. Central Clock Time

GENERAL TERMS AND CONDITIONS
(continued)

"Dekatherm" (dth) shall mean the quantity of heat energy which is equivalent to 1,000,000 British Thermal Units. One "dekatherm of gas" shall mean the quantity of gas which contains one dekatherm of heat energy.

"Elapsed Pro-rata Capacity" (EPC) shall mean the portion of the capacity (under capacity release) that would have theoretically been available for use prior to the effective time of the intraday recall based on a cumulative uniform hourly use of the capacity.

"Electronic Transmission" shall mean a mutually agreeable means of data communication whereby data is input by the Shipper directly into Transporter's internal system applications either by keypunch or by means of electronic data file processing.

"Execution" or "executed" or any other form of the root word "execute" when used with respect to any Service Agreement, amendment to Service Agreement, or any other contract shall include electronic execution pursuant to the procedures established by Transporter.

"Hydrocarbon Dew point" shall mean cricondenthem, the highest temperature at which the vapor-liquid equilibrium may be present. The Hydrocarbon Dew point (cricondenthem) calculations are performed using the Peng-Robinson equation of state.

"Internet Website" or "Transporter's Internet Website" shall mean the Uniform Resource Locator (URL) of Transporter's electronic communication mechanism on the Internet at www.hottap.panhandleenergy.com.

"La Plata Facilities" shall mean the jointly-owned mainline facilities of Transporter and Northwest Pipeline Corporation ("Northwest") which commence at a new measurement facility and custody transfer point between Northwest and Transporter located downstream of the discharge side of the La Plata B compressor station in La Plata County, Colorado and extend south to the existing interconnect with the Blanco Hub, located in San Juan County, New Mexico.

"Logical Points" shall mean points on Transporter's system which may be used by a Shipper as receipt or delivery points which are not physical points as defined in this tariff.

"Maximum Daily Transportation Quantity" (MAXDTQ) shall mean the maximum quantity of natural gas provided in the Service Agreement that Shipper is entitled to receive and Transporter is obligated to deliver on any day.

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

"Merchantability" refers to a gas stream which is commercially salable and fit for the market, and of a quality which will bring the then current market price without additional treatment or processing. Gas that meets the quality specifications in this Tariff shall be deemed to be Merchantable.

"Month (month)" or "billing month" shall mean the period beginning at nine o'clock a.m. Central Clock Time on the first day of a calendar month and ending at the same hour on the first day of the next succeeding calendar month; provided that if deliveries are not commenced on the first day of a calendar month, then the billing month shall start with the commencement of deliveries during the current month.

"Monthly Index Price (MIP)" shall mean the index price calculated in accordance with Section 27.2 herein.

GENERAL TERMS AND CONDITIONS
(continued)

"Primary Delivery Point" shall mean those delivery point(s) on Transporter's system under Shipper's FIS-1, LFI, FIS-4 or FIS-2 Service Agreement with a specified firm volume, as may be amended upon mutual agreement from time to time, but in no event shall any moving of a primary delivery point result in a lower reservation charge.

"Primary Path" shall mean the most direct route on Transporter's system between the Primary Receipt Point(s) and Primary Delivery Point(s). The direction of flow for such path shall be from the Primary Receipt Point(s) to the Primary Delivery Point(s) as indicated in the FIS-1, LFI and FIS-4 Service Agreements. A Shipper under Rate Schedules FIS-1, LFI and FIS-4 may change such Primary Receipt Point(s) or Primary Delivery Point(s) or use an Alternate Receipt Point(s) or Alternate Delivery Point(s) outside its Primary Path subject to the negotiation with Transporter of such points and rates, not to exceed the maximum applicable tariff rate.

"Primary Receipt Point" shall mean those receipt points on Transporter's system under Shipper's FIS-1, LFI, FIS-4 or FIS-2 Service Agreement with a specified firm volume, as may be amended upon mutual agreement from time to time, but in no event shall any moving of a primary receipt point result in a lower reservation charge.

"Quantity of gas" shall mean the number of units of gas expressed in dekatherms unless otherwise specified.

"Recourse Rate" shall mean the Commission approved maximum tariff rates set forth on Sheet Nos. 5 through 5E as modified from time to time.

"Releasing Shipper" shall mean a firm Shipper that releases capacity pursuant to Section 30 herein.

"Replacement Shipper" shall mean any entity that obtains capacity from a Releasing Shipper pursuant to Section 30 herein.

"Service Agreement" shall mean the written executed agreement, in the form prescribed in this Tariff, applicable to the particular Rate Schedule under which service is being provided, including a Capacity Release Service Agreement.

"Shipper" shall mean any party purchasing services from Transporter under any of the Rate Schedules in this Tariff.

"Supply Pooling Points" shall mean Logical Points established by Transporter which may be used by Shippers to aggregate supplies pursuant to the provisions of Rate Schedule SP-1.

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"Total heating value" means:

- A. For Shippers receiving service from Transporter to the Needles and/or Topock delivery points, the number of British Thermal Units evolved by the complete combustion with air, at constant pressure, of one cubic foot of anhydrous (dry) gas under a pressure of 14.73 psia and at a temperature of 60° Fahrenheit and when the products of combustion are cooled to the initial temperature of the gas and air and all of the water formed by combustion is condensed to the liquid state in accordance with rules set forth in "Public Utilities Commission of the State of California General Order No. 58-B" or any other methods of determination as may be mutually agreed upon.
- B. For Shippers receiving service for gas delivered at any delivery point except the Needles and Topock delivery points, the number of British Thermal Units evolved by the complete combustion with air, at constant pressure, of one cubic foot of anhydrous (dry) gas under a pressure of 14.73 psia and at a temperature of 60° Fahrenheit and when the products of combustion are cooled to the initial temperature of the gas and air and all of the water formed by combustion is condensed to the liquid state, or any other methods of determination as may be mutually agreed upon.

"Transport Fuel" shall mean the fuel charge for transmission, company use gas, and lost and unaccounted for gas and recovered on an "in kind" basis, as set forth on the currently effective Rate Sheets of this FERC Gas Tariff

"Transporter" shall mean Transwestern Pipeline Company, LLC.

"Wobbe Index" shall be calculated as the higher heating value divided by the square root of the specific gravity.

"Written" or "in writing" or any other combination of words indicating a requirement that a document be in a physically written form shall include any Service Agreement, amendment to Service Agreement, or any other contract or document which has been electronically executed pursuant to the procedures established by Transporter.

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2. QUALITY

- 2.1 The gas stream delivered into Transporter's pipeline system by Shipper or Shipper's designee at receipt points shall conform to each of the following quality specifications:
- A. shall be commercially free from objectionable odors, 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;
 - B. shall contain not more than seven (7) pounds/MMcf of water at the temperature and pressure at which the gas is delivered into Transporter's pipeline system;
 - C. shall contain no hydrocarbons in liquid form at the temperature and pressure at which the gas is delivered into Transporter's pipeline system;
 - D. shall contain not more than 0.01% by volume of oxygen;
 - E. shall contain not more than 2.0% by volume of carbon dioxide;
 - F. shall contain not more than a combined total of 3.0% by volume of carbon dioxide plus nitrogen;
 - G. shall contain not more than one quarter (1/4) grain of hydrogen sulfide per one hundred (100) cubic feet of gas;
 - H. shall contain not more than 0.3 grains of mercaptan sulfur per one hundred (100) cubic feet of gas;
 - I. shall contain not more than 0.75 grains of total sulfur per one hundred (100) cubic feet of gas;
 - J. 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 or be contrary to applicable government standards;
 - K. shall have a minimum total heating value of not less than nine-hundred-seventy (970) Btu's per cubic foot and not more than twelve hundred (1200) Btu's per cubic foot;
 - L. shall have a temperature of not less than forty (40) degrees Fahrenheit, and not more than one hundred twenty (120) degrees Fahrenheit; and
 - M. shall have a Wobbe Index of not less than twelve hundred fifty (1250) and not more than fourteen hundred (1400)

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2.2 Transporter may not refuse to accept delivery of gas with a Hydrocarbon Dew point equal to or less than 15 degrees Fahrenheit provided that such gas satisfies all other applicable provisions of Transporter's FERC Gas Tariff. This standard shall be referred to as Transporter's Hydrocarbon Dew Point Safe Harbor.

A. Transporter may, from time to time, as operationally necessary, establish and post on its Internet Website a limit on Hydrocarbon Dew point for receipts on specified segments or other specified locations on its system to prevent hydrocarbon liquid fallout or when Transporter's analysis of system operating factors indicates a need for a limitation, or to ensure that gas will be accepted for delivery into interconnects with interstate pipelines, intrastate pipelines, end-users or directly connected local distribution companies. Transporter may not make a posting that sets a Hydrocarbon Dew point limitation of less than 15 degrees Fahrenheit.

B. When Transporter determines there is an operational necessity to post a Hydrocarbon Dew point on a specific line segment or location, Transporter shall post on its Internet Website each blended Hydrocarbon Dew point Transporter calculates for a line segment or location within 24 hours of such calculation, and the method by which the Hydrocarbon Dew point value was calculated. Transporter will include in such posting the anticipated duration of the limitation as well as an explanation of the basis for the Hydrocarbon Dew point limitation.

C. Transporter will provide as much prior notice as reasonably practicable and will attempt to provide such notice at least two (2) days prior to the effective date of the limitation.

D. When Transporter posts a Hydrocarbon Dew point limit for a particular pipeline segment or location, all gas receipts into the affected area from interconnects or from any adjacent pipeline segments feeding gas directly into the affected pipeline segment must meet the posted Hydrocarbon Dew point limit for the affected pipeline segment.

E. Transporter shall post Hydrocarbon Dew point limitations for a given line segment or location only 1) to the extent necessary to prevent liquid fallout from occurring, 2) in order to manage and operate Transporter's system in a safe and reliable manner, and 3) as required to ensure that gas will be accepted for delivery at interconnects with interstate pipelines, intrastate pipelines, end-users or directly connected local distribution companies. Such posted Hydrocarbon Dew point limitations shall remain in effect no longer than necessary.

F. Transporter shall perform Receipt Point Hydrocarbon Dew point calculations for this Section 2.2 using the Peng-Robinson equation of state and C6+ assumptions consistent with industry practices. Upon a Shipper's request, Transporter shall conduct a C9+ analysis; provided that in no event shall Transporter be required to conduct such C9+ analysis at any one receipt point more frequently than once every twelve months.

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2 3 Transporter may refuse to accept any gas stream from Shipper or Shipper's designee which fails to conform with the gas quality specifications itemized in Sections 2.1 and 2.2. above; however Transporter, in its reasonable discretion exercised on a not unduly discriminatory basis, may accept any gas stream delivered into its pipeline system at receipt points, provided that such gas will not result in a blended gas stream which does not comply with the gas quality specifications listed in Sections 2.1 and 2.2 above, or will not prevent delivery of the blended gas stream into a downstream pipeline and other points of delivery, and in the reasonable judgment of Transporter, will not adversely impact Transporter's facilities, pipeline integrity or operations. Transporter may, but is not obligated to, process or treat the gas stream on its system to assure that the gas stream meets Transporter's gas quality specifications.

Any Shipper on Transporter's system shall have the option of: (i) processing the volumes it owns or (ii) entering into contractual arrangements with third-party plant operators for such processing.

2 4 Except as provided in Section 2.5 below, the gas stream delivered to Shipper or Shipper's designee by Transporter at the delivery points shall conform to each of the gas quality specifications set forth in Sections 2.1 and 2.2 above, subject to the presence of substances in Transporter's pipeline system as of January 1, 1990. If the gas delivered by Transporter to any downstream pipeline meets the quality specifications of Transporter but does not meet the downstream pipeline specifications, then Transporter shall use reasonable efforts to work with such downstream pipeline to resolve such differences to allow gas deliveries.

2 5 If the gas stream delivered by Transporter to Shipper or Shipper's designee shall fail at any time to conform to any of the quality specifications set forth above, Shipper will notify Transporter of such deficiency and if Transporter fails to remedy such deficiency promptly, Shipper may, at its option, refuse to accept further delivery pending correction by Transporter.

2 6 If the gas offered for transportation hereunder shall fail at any time to conform to the quality provisions set forth in the Service Agreement between Transporter and Shipper, or if in Transporter's sole judgement such gas may cause harm to its facilities, then Transporter shall notify Shipper of such deficiency and may, at its option, refuse to accept delivery pending correction by Shipper.

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with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension.

11.2 Liabilities Not Relieved

Neither Shipper nor Transporter shall be relieved from liability in the event of its concurring negligence or failure on its part to use due diligence to remedy the force majeure and remove the cause with all reasonable dispatch nor shall such causes or contingencies affecting performance of the Service Agreement relieve either party from its obligations to make payments then due for its gas theretofore delivered.

11.3 Relief from Demand Charge Adjustment Where Curtailment of Deliveries on Transporter's System is Due to Compliance with Directives of Governmental Agencies

Whenever in order to comply with orders or directives of duly constituted authorities, including, but not limited to, the Department of Transportation and the Federal Energy Regulatory Commission, or its successor or agency, Transporter must curtail deliveries to Shipper and is unable to deliver to Shipper the quantities of gas which Transporter is then obligated to deliver to Shipper under a firm Service Agreement. Transporter shall not be obligated to reduce Shipper's demand charge, if any, under the demand charge adjustment provisions of any of Transporter's Rate Schedules notwithstanding anything in such provisions to the contrary nor shall Transporter be liable in damages or otherwise to Shipper or any other person or entity for any such failure to deliver such quantities of gas to Shipper.

11.4 Proration of Impaired Deliveries Due to Capacity Shortage on Transporter's System

Interruptible transportation service provided by Transporter shall be (i) interrupted or curtailed for reasons of force majeure or when necessary in Transporter's sole opinion and judgment to meet its system operational requirements or its ability to meet its obligations under firm transportation agreements, or (ii) interrupted or curtailed due to any other operational considerations to be determined in the reasonable discretion of Transporter.

If at any time Transporter does not have sufficient capacity available for reasons of force majeure or due to any other operational considerations to be reasonably determined by Transporter, to enable Transporter to deliver to Shippers under all of Transporter's Rate Schedules the quantities of gas which Shippers may then require up to the quantities of gas Transporter has then scheduled to deliver to Shippers, then deliveries to such Shippers shall be curtailed in accordance with the following priorities of service:

- 1) Overrun transportation quantities and interruptible transportation quantities nominated in excess of contract quantities and scheduled pursuant to Section 22 of these General Terms and Conditions -- based on lowest price;
- 2) Firm transportation quantities -- on a pro rata basis, based on scheduled quantities

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13. CREDITWORTHINESS

- 13.1 Prior to execution of a Service Agreement, a Shipper or a prospective shipper (hereinafter in this section jointly referred to as "Shipper") shall be required to establish creditworthiness with Transporter. Transporter shall not be required to: (1) execute a Service Agreement providing for service on behalf of any Shipper who fails to meet Transporter's standards for creditworthiness; or (2) initiate service to a Shipper who fails to meet Transporter's standards for creditworthiness; or (3) continue transportation service on behalf of any Shipper who is or has become insolvent or who, at Transporter's request, fails within a reasonable period to demonstrate creditworthiness.
- 13.2 For purposes herein, the determination of a Shipper's creditworthiness shall be based upon the level of service requested by Shipper and Shipper's satisfying on an ongoing basis a credit appraisal by Transporter. The credit appraisal shall determine the acceptability of the Shipper's overall financial condition, working capital and profitability trends. Transporter shall apply consistent evaluation practices to determine the creditworthiness of the Shipper.
- 13.3 Shipper shall provide current financial statements, annual reports, or other filings with regulatory agencies which discuss Shipper's financial status, a list of all corporate affiliates, parent companies and subsidiaries, and any reports from credit reporting and bond rating agencies which are available. Shipper shall provide a bank reference and two trade references.
- 13.4 Shipper shall confirm that it is not operating under any chapter of the bankruptcy laws and not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors or any informal creditor's committee agreement. An exception can be made for a Shipper who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act but only with adequate reassurance that the service billing will be paid promptly as a cost of administration under the Federal Court's jurisdiction.
- 13.5 Shipper shall confirm that it is not subject to any uncertainty in any pending liquidation or regulatory proceedings in state or Federal courts or is not aware of any change in business conditions which could cause a substantial deterioration in its financial condition, a condition of insolvency or the inability to exist as an ongoing business entity.
- 13.6 Except as provided in Section 13.7 below, if a Shipper otherwise fails to establish or maintain creditworthiness as provided herein, Shipper may still receive service under the Service Agreement provided it maintains collateral for the term of the Service Agreement in the form of (1) a written guarantee in a form satisfactory to Transporter from a party which is creditworthy as determined above, (2) an irrevocable standby letter of credit, (3) a pre-payment, or (4) other security acceptable to Transporter. Such collateral shall be in an amount equal to the three highest months of reservation charges for firm Shippers or estimated usage charges for interruptible service during the term of the Service Agreement.
- 13.7 This Section 13.7 applies to Shippers participating in an expansion project.

If Shipper is unable, at any time during the term of Shipper's Service Agreement, to establish and/or maintain creditworthiness in accordance with Section 13.2 above, then, within 10 days of Shipper's receipt of Transporter's notice by Internet e-mail or direct notification to Shipper's Internet URL address, whichever is chosen by Shipper, that Shipper has failed to maintain creditworthiness, Shipper shall either: (a) provide one of the following forms of credit support (each hereinafter referred to as "Credit Support"): (i) an irrevocable letter of credit issued by a bank acceptable to Transporter, and containing terms acceptable to Transporter, or (ii) a cash prepayment; or (b) provide to Transporter a guaranty in a form acceptable to Transporter of Shipper's obligations under Shipper's Service Agreement, executed by an entity that satisfies such creditworthiness standard.

The amount of any Credit Support to be provided by Shipper shall be determined based on (a) Shipper's proportionate share (based on MAXDTQ) of the cost of the expansion project, with such amount decreased by a percentage equal to one (1) divided by the number of years in Shipper's Service Agreement each year during the term of Shipper's Service Agreement, less (b) the present value of reservation revenue that would be collected if the capacity were resold for the remainder of the term, as determined by an open season held during the 10 day period referenced above and in accordance with Section 24 of the General Terms and Conditions of this Tariff ("Mitigation Value").

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- 3) The Intraday 1 Nomination Cycle: 10:00 a.m. for nominations leaving control of the nominating party; 10:15 a.m. for receipt of nominations by the Transporter (including from "TIISPs"); 10:30 a.m. to send quick response; 1:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 2:00 p.m. for Transportation Service Provider to provide scheduled quantities to affected Shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (central clock time on the day prior to flow). Transporter shall provide affected parties with notification of bumping through the Shipper's choice of electronic notice delivery mechanism. Unless the affected party and Transporter have agreed to exclusive notification via EDI/EDM, the affected party should provide Transporter with at least one Internet E-mail address to be used for electronic notice delivery of notification of bumping. Transporter will support the sending of electronic notification of bumping to E-mail addresses provided by each affected party. Affected parties will manage internal distribution of notices received by electronic notice delivery. Scheduled quantities resulting from Intraday 1 Nominations should be effective at 5:00 p.m. on gas day.
 - 4) The Intraday 2 Nomination Cycle: 5:00 p.m. for nominations leaving control of the nominating party; 5:15 p.m. for receipt of nominations by the Transporter (including TIISPs); 5:30 p.m. to send quick response; 8:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties; 9:00 p.m. for Transportation Service Provider to provide scheduled quantities to affected Shippers and point operators (central clock time on the gas day). Scheduled quantities resulting from Intraday 2 Nominations should be effective at 9:00 p.m. on gas day. Bumping is not allowed during the Intraday 2 Nomination Cycle.
- B. Such nominations shall contain the following information:
- 1) The contract number under which service is being nominated; and
 - 2) The quantity of gas, in dekatherms, to be tendered; and
 - 3) The receipt point, the upstream contract number and/or identifier code and the associated ranking; and
 - 4) The delivery point, the downstream contract number and/or identifier code and the associated ranking; and
 - 5) The term of the nomination (beginning and ending date), provided the nomination begin and end dates are within the term of Shipper's Service Agreement; and
 - 6) If applicable, the affected contract number(s) and quantities if the gas nominated in Paragraph 22.1(A) above will be transported directly to another contract under Rate Schedule(s) FIS-1, LFI, FIS-4, FIS-2 or IIS-1.
 - 7) Shipper rankings
 - 8) Overrun quantities shall be nominated as a separate transaction.
- C. For purposes of The Evening Nomination Cycle, the Intraday 1 Nomination Cycle and The Intraday 2 Nomination Cycle, "provide" shall mean for transmittals pursuant to standards 14.X, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post

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22.2 Scheduling of Capacity

- A. Transporter shall schedule all firm transportation quantities prior to the scheduling of interruptible transportation quantities. The transportation priority for fuel should be the same as the level of service as the transaction to which it applies.
- B. With respect to Receipt Point allocations, transportation service within the contract quantities shall be scheduled in the following order:
1. Quantities scheduled from Primary Physical Receipt Points on a pro rata basis.
 2. Quantities scheduled from Primary Pool Receipt Points on a pro rata basis.
 3. Quantities scheduled from Alternate Receipt Points on a pro rata basis.
 4. Interruptible transportation quantities at the Receipt Point within contract quantities and overrun transportation quantities nominated in excess of contract quantities under Rate Schedule(s) FIS-1, LFT, FIS-4, FIS-2 and IIS-1 shall be scheduled based upon the highest price. If two or more Shippers are paying the same highest price, then a pro rata allocation will be made. For purposes of allocating capacity, Shippers willing to pay more than the maximum tariff rate will be considered to be paying the maximum tariff rate.
- C. With respect to Delivery Point allocations, transportation service within the contract quantities shall be scheduled in the following order:
1. Quantities scheduled to Primary Delivery Points on a pro rata basis.
 2. Quantities scheduled to Alternate Delivery Points on a pro rata basis.
 3. Interruptible transportation quantities at the Delivery point within contract quantities and overrun transportation quantities nominated in excess of contract quantities under Rate Schedule(s) FIS-1, LFT, FIS-4, FIS-2 and IIS-1 shall be scheduled based upon the highest price. If two or more Shippers are paying the same highest price, then a pro rata allocation will be made. For purposes of allocating capacity, Shippers willing to pay more than the maximum tariff rate will be considered to be paying the maximum tariff rate.
- D. With respect to a mainline lateral capacity allocation, transportation service within the contract quantities shall be scheduled in the following order:
1. Quantities scheduled from Primary Physical Receipt Points to Primary Delivery Points on a pro rata basis.
 2. Quantities scheduled from Primary Pool Receipt Points to Primary Delivery Points on a pro rata basis.
 3. Quantities scheduled on Alternate paths within the primary path of the contract on a pro rata basis.
 4. Quantities scheduled on Alternate paths outside the primary path of the contract on a pro rata basis.

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5. Interruptible transportation quantities on the path within contract quantities and overrun transportation quantities nominated in excess of contract quantities under Rate Schedule(s) FTS-1, LFT, FTS-4, FTS-2 and IIS-1 shall be scheduled based upon the highest price. If two or more Shippers are paying the same highest price, then a pro rata allocation will be made. For purposes of allocating capacity, Shippers willing to pay more than the maximum tariff rate will be considered to be paying the maximum tariff rate.

With respect to 3. and 4. above, alternate points within any Shipper's primary path shall have scheduling priority over alternate points outside of any Shipper's primary path. A path is defined by a Shipper's primary receipt and delivery points and direction of flow.

E. After volumes have been scheduled, Transporter has the right to reduce receipts and/or deliveries of natural gas below the scheduled volume if the available capacity for such quantity is reduced as a result of force majeure or any operational consideration reasonably determined by Transporter. Transporter shall reduce all scheduled overrun transportation volumes or Rate Schedule IIS-1 volumes on the basis of the lowest price first.

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22.3 Operational Procedure Provisions

- A. If Transporter determines, in the exercise of its reasonable judgment, that sufficient supplies are not being received by Transporter at the receipt point(s) for transportation to a Shipper, then Transporter may, at Transporter's option, unilaterally re-schedule, upon two (2) hours notice by Transporter to Shipper, on a prospective basis only, the quantities nominated by a Shipper so as to conform to the quantities being received at such point(s), or temporarily suspend deliveries to the Shipper. If scheduled quantities are not being taken at the delivery point(s), then Transporter may, at Transporter's option, unilaterally re-schedule, upon two (2) hours notice by Transporter to Shipper, on a prospective basis only, the quantities nominated by a Shipper so as to conform to the quantities being taken at such delivery point(s), or temporarily suspend receipts of gas from the Shipper. Such two (2) hours notice shall not be applicable in the event of operational distress, which shall be defined as including any situation which prevents Transporter from operating in a safe and efficient manner, consistent with applicable laws, rules, regulations, standard industry operating practices, and Transporter's Tariff, or from maintaining the integrity of pipeline operations; provided, however, Transporter shall not unilaterally reschedule volumes without two (2) hours' notice unless such rescheduling is reasonably anticipated to reduce or eliminate said operational distress.
- B. An operational flow order is an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity, of the transportation service providers system or to maintain operations required to provide efficient and reliable firm service. Whenever a Transportation Service Provider experiences these conditions, any pertinent order should be referred to as an Operational Flow Order.
- C. Upon request by Transporter, Operator shall provide estimated hourly flows to Transporter's gas control personnel.

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22.4 Alert Day

- A. Transporter shall have the right to declare an Alert Day in the event of operational distress caused by over-deliveries or under-deliveries which threaten the integrity or safe operation of the pipeline. Transporter shall use reasonable efforts to resolve the situation causing the operational distress prior to declaring an Alert Day. During an Alert Day, Operator(s) may not deliver volumes of gas into Transporter's system in excess of the scheduled volumes for that day. Transporter will localize its imposition of an Alert Day to the smallest affected area necessary to resolve the problem and to those Operator(s) causing the problem where such Operator(s) may be identified. Transporter will determine whether it will issue an Alert Day based on the operating status of the pipeline system using the following criteria: weather forecast, system conditions-line pack, overall projected pressures at monitored locations, facility status-horsepower utilization and availability; and overall send out projections and availability. The Alert Day will be in effect only for the gas day for which it is issued. If conditions require, new Alert Days will be issued for subsequent gas days based upon the above stated criteria.
- B. Transporter shall provide as much notice of the Alert Day declaration as is reasonably possible, but in any event such notice shall be provided at least two (2) hours before the effectiveness of the Alert Day. The notice shall designate the estimated duration of the Alert Day condition and whether it applies system wide, only in certain affected areas, or only to certain Operator(s). Transporter shall provide affected parties with notification of Alert Days through the Shipper's choice of Internet e-mail or direct notification to the Shipper's Internet URL address. Unless the affected party and Transporter have agreed to exclusive notification via EDI/EDM, the affected party should provide Transporter with at least one Internet E-mail address to be used for notification of Alert Days. The obligation of Transporter to provide notification is waived until the above requirement has been met. Transporter will support the concurrent sending of electronic notification of Alert Days to Internet E-mail addresses for each affected party. Affected parties will manage internal distribution of electronic notices.
- C. If actual volumes vary from scheduled volumes on an Alert Day, a penalty may be imposed on Operators subject to the Alert Day declaration as follows:
1. For Operator's actual volumes which vary from scheduled volumes by more than 500 MMBtu at a measured receipt point subject to the Alert Day declaration, and the amount of such variance is greater than four percent (4%) of the scheduled volume but less than six percent (6%) of the scheduled volume, Operator shall pay a penalty imposed by Transporter equal to the greater of \$5.00 per Dth or two (2) times the applicable MIP or average of the applicable MIPs per dth for volumes in excess of the four percent (4%) but less than the six percent (6%) tolerance level.
 2. For Operator's actual volumes which vary from scheduled volumes by more than 500 MMBtu at a measured receipt point subject to the Alert Day declaration, and the amount of such variance is equal to or greater than six percent (6%) of the scheduled volume, Operator shall pay a penalty imposed by Transporter equal to the greater of \$10.00 per Dth or three (3) times the applicable MIP or average of the applicable MIPs per dth for volumes equal to or greater than the six percent (6%) tolerance level.
 3. For the purpose of calculating penalties in accordance with 1 and 2 above, each measured receipt point which is out of tolerance by less than 500 MMBtu shall be excluded.
 4. Such penalty shall not be charged if the variance is caused by a "Force Majeure" event as defined in Section 11.1 of the General Terms and Conditions of this Tariff or due to error, omission or request of Transporter.

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5. All penalty revenues collected pursuant to this section will be refunded to Shippers annually, based upon the ratio of each shipper's scheduled throughput to the total system scheduled throughput.

22.5 Intra-day Nominations

- A. There is no limitation as to the number of intra-day nominations (line items as per NAESB WGQ Standard 1.2.1) which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles. Such nominations must be submitted on a currently existing Service Agreement.
- B. Shipper shall have ability to nominate on an intra-day basis on Transporter's system under the following conditions:
1. Intra-day nominations may be used to request an increase or decrease in scheduled volumes or a change in receipt or delivery points, consistent with Shipper's Service Agreement. A nomination reduction shall not result in a revised nomination which is less than the volume of gas received or delivered on behalf of such Shipper by Transporter on that gas day.
 2. Shipper must obtain prior confirmation from all affected upstream and downstream Operators.
 3. Intra-day nominations will be scheduled only if operationally feasible.
 4. Intra-day nominations do not rollover and are applicable to one (1) day only.
 5. Intra-day nominations may be used to nominate new supply or market.
- C. In order to nominate on an intra-day basis, Shipper must submit to Transporter the information required in Section 22.1. In addition, intra-day nominations should include an effective time.
- D. Firm intra-day nominations are entitled to bump scheduled interruptible service only during the Evening and Intraday 1 Nomination cycles. Transporter will provide advance notice of bumping to interruptible shippers. Such notice will be provided in the same manner in which Transporter provides notice of Operational Flow Orders. Transporter will provide notification of bumped volumes through the scheduled quantities statement. Transporter will also electronically communicate notice directly to bumped Shippers in accordance with the grid-wide timeline for scheduled quantities.

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24. CAPACITY POSTING AND CONTRACT PROCEDURES

24.1 Applicability

This section shall apply to the process of posting and contracting for capacity on existing facilities other than capacity which is available under the ROFR process or through the capacity release program, or as part of an expansion project.

24.2 Posting

Transporter shall maintain and update postings of unsubscribed capacity, operationally available capacity, and design capacity, in accordance with 18 CFR 284.13 and in the format set forth in NAESB standard 4.3.23.

24.3 Contracting for Available Capacity

Except as otherwise provided in Sections 24.4, 24.5 and 24.6 herein, Transporter will award offers for posted capacity (including requests to change primary receipts or primary delivery points) on a first-come, first-served basis and in accordance with the currently effective rate schedules of this tariff. Posted capacity will be awarded on a first-come, first-served basis to any shipper willing to pay the applicable maximum tariff rate, and a shipper need not offer to pay a different rate (including, without limitation, a negotiated rate) that may be in excess of the maximum tariff rate to obtain such capacity. Nothing herein requires Transporter to accept requests to change primary receipt or delivery points or accept offers for available capacity at less than maximum tariff rates; provided however, that Transporter will treat all requests or offers on a nondiscriminatory basis. The unsubscribed capacity postings set forth in 24.2 above will be updated at each nomination cycle to reflect any capacity that has been awarded.

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24.4 Bid Solicitation

To the extent Transporter conducts a "bid solicitation" for unsubscribed capacity posted on its Internet Website, all bids received during the bid solicitation period will be treated as having been received at the same time and will be awarded utilizing a Present Value method based on the bid criteria set forth below.

A Bid Solicitation Notice

Transporter's bid solicitation shall specify:

1. quantity (dth/day)
2. the available points, paths or segments
3. the effective date capacity is available
4. the deadline for submitting bids
5. whether Transporter is willing to consider offers at less than maximum tariff rates for all or any portion of the capacity or term
6. A shipper need not offer to pay a different rate (including, without limitation, a negotiated rate) that may be in excess of the maximum tariff rate to obtain such capacity.
7. Whether there is a pre-arranged Shipper that has submitted a binding offer to Transporter in advance of the bid solicitation

B. Minimum Bid Solicitation Timelines

The following are the minimum periods that the notice of a bid solicitation will be posted:

1. For a term of less than five (5) months, the bid solicitation period shall be a minimum of one (1) business day.
2. For a term of five (5) months to one (1) year, the bid solicitation period shall be a minimum of three (3) business days.
3. For a term of greater than one (1) year, the bid solicitation period shall be a minimum of five (5) business days.

C. Bids

To be considered a valid bid, bids must be binding, must be received by the bid solicitation deadline and must specify:

1. the quantity desired (and whether the shipper is willing to accept a portion of the quantity)
2. primary receipt point(s)
3. primary delivery point(s)
4. the term
5. reservation rate

D. Bid Evaluation

Valid bids will be evaluated by determining the highest present value using the current Commission interest rate as defined in 18 C.F.R. Section 154.501(d) pursuant to the following formula:

$$R \times \frac{1 - (1 + i)^{-n}}{i} \times Q \times 30.4 \text{ days/month} = \text{present value}$$

where: i = interest rate per month using the current Commission interest rate as defined in 18 C.F.R. Section 154.501(d)

n = term, in months

R = the rate bid (\$/Dth reservation charge, if a two-part rate, or if a one-part rate, the reservation charge plus the usage rate), and

Q = the Quantity stated in Dth/day

If Transporter receives both maximum rate bids and negotiated rate bids, then any negotiated rate bid exceeding the maximum tariff rate shall be considered equal to the maximum tariff rate for the purpose of evaluation

GENERAL TERMS AND CONDITIONS
(continued)

Transporter will award the capacity to the shipper(s) whose bid(s) represents the highest total present value. subject to the right of a pre-arranged Shipper. if any, to promptly match the highest bid(s). For purposes of determining the highest total present value. Transporter will consider the guaranteed incremental revenues from the bid or combination of bids that yield the highest total present value

Bids with equal present value will be awarded on a pro rata basis, provided however, that if one or more of the parties with equal bids is unwilling to accept a portion of the quantity desired, then such bid(s) will be eliminated from the pro rata calculation.

- E. Transporter will notify all bidders of the acceptance or rejection of their respective bids by the close of the business day following the bid solicitation deadline.

GENERAL TERMS AND CONDITIONS
(continued)

30. CAPACITY RELEASE

In this Section 30. Releasing Shipper shall mean a Shipper who releases or is seeking to release all or any part of its firm transportation capacity to a third party.

Replacement Shipper shall mean a third party who receives either temporarily or permanently released capacity, as defined below, from the Releasing Shipper under the Capacity Release Program.

30.1 Introduction

Permanent Release: Under the FTS-1, LFI, and FTS-4 Rate Schedules, Releasing Shipper will have the ability to permanently release its capacity, or any portion thereof. Transporter is not required to but may choose to accept a bid at less than the rate provided for in Releasing Shipper's Service Agreement provided that (i) Releasing Shipper remits as an exit fee, a lump sum payment for the positive difference between the rate provided for in the Releasing Shipper's Service Agreement and the bid rate for the full term of the capacity release, or agrees to remain liable for any positive difference between the Releasing Shipper's contract rate and the bid rate for the full term of the capacity release, and (ii) when the Releasing Shipper's contract is at maximum tariff rates, Transporter and Replacement Shipper reach agreement on a mechanism permitting the periodic adjustment to the bid rate to reflect subsequent rate adjustments filed for and approved by the FERC. Upon such permanent release, except as provided for herein for releases at less than the Releasing Shipper's contract rates, Releasing Shipper is relieved of its obligation to Transporter for payment of reservation charges and any surcharges to the reservation charge.

Temporary Release: Under the FTS-1, LFI, and FTS-4 Rate Schedules, Releasing Shipper will have the ability to temporarily release its capacity, or any portion thereof, for a term designated by Releasing Shipper not to exceed the term of its underlying Service Agreement. Upon such release, Releasing Shipper remains responsible to the Transporter only for payment of reservation charges and any surcharges to the reservation charge, in compliance with the underlying Service Agreement.

Releasing Shipper has the right to tender its capacity to Transporter to be released to potential Replacement Shippers. The release of capacity is a permanent or temporary release of capacity from specified receipt points to specified delivery points, for a designated term and rate.

30.2 Evaluation Methods

All capacity available for release shall be allocated to the Replacement Shipper(s) based upon one of the following methods, as determined by Releasing Shipper:

- A. Highest Rate
- B. Highest Net Revenue
- C. Highest Present Value calculated in accordance with Section 24.4 herein
- D. Shipper Designated Method

GENERAL TERMS AND CONDITIONS
(continued)

30.7 Additional Provisions

- A. Direct Postings: If a Releasing Shipper/bidder directly posts an offer to release capacity/bid on Transporter's Internet Website, such offer/bid shall be subject to certain corrections by Transporter for errors discovered upon Transporter's review of such offer/bid. Transporter shall have the right to amend any offer/bid found to be incorrect after Transporter verifies such offer/bid within twenty-four (24) hours of the posting of such offer/bid. Transporter shall notify Releasing Shipper/bidder prior to amending any such offer/bid.
- B. Service Agreement Amendments: No amendments may be made to the Service Agreement except that: 1) a Replacement Shipper, to the extent not restricted under the terms of its Service Agreement, shall have the same right to change Primary Receipt and Delivery Points as any other FTS-1, LFT or FIS-4 Shipper; and 2) upon mutual agreement of the Releasing Shipper and the Replacement Shipper, the Service Agreement will be terminated by Transporter.
- C. Marketing of Released Capacity: Transporter shall have no obligation to market any capacity available to be released by Releasing Shipper; however, Transporter may agree to market capacity for Releasing Shipper and may negotiate a fee with the Releasing Shipper for such service ("Marketing Fee").

GENERAL TERMS AND CONDITIONS
(continued)

- D. Billing: For any releases of capacity (primary, secondary, or subsequent), Transporter shall directly bill the Replacement Shipper the negotiated rate for the released capacity, as well as any applicable usage charges and penalties which may be assessed on such transaction. The Replacement Shipper shall pay such amounts directly to Transporter in accordance with the requirements of the FIS-1, LFT and FIS-4 Rate Schedules and Transporter shall apply such amounts first to the reservation charge(s) due for transportation service and then to any reservation surcharges(s) (if applicable), including late charges related solely to such reservation charge(s), then to any penalty due, then to usage charges, and finally to late charges not related to any reservation charge(s) due. The Releasing Shipper will be billed for and shall pay to Transporter any negotiated Marketing Fee plus the difference between the Transporter's applicable rates under the Releasing Shipper's Service Agreement and the negotiated rates billed to the Replacement Shipper, subject to Section 30.8 F. In the event that the Replacement Shipper's as-billed rate exceeds the Releasing Shipper's applicable rate, the difference shall, at the Releasing Shipper's discretion, either be credited by Transporter to the Releasing Shipper's account with Transporter, or be refunded. Any amounts credited shall be limited to reservation charge revenues received from the Replacement Shipper pursuant to the Replacement Shipper's Service Agreement with Transporter. If a refund is elected by the Releasing Shipper, Transporter shall make such refund by wire transfer within ten days of its receipt of final payment from the Replacement Shipper, together with interest computed in the manner set forth in Section 7.2 of these General Terms and Conditions.
- E. Termination for Non-payment: Should Replacement Shipper not make full payment of all amounts billed to it by Transporter within 10 days of the date of any invoice, Transporter shall notify the Replacement Shipper in writing, with a courtesy copy to Releasing Shipper, advising that if default continues for a thirty day period from such invoice date, the Service Agreement may be terminated; provided however, Replacement Shipper may avoid termination by providing Transporter with good and sufficient indemnity bond. If Replacement Shipper fails to cure or remedy non-payment within such thirty day period, the Service Agreement between Transporter and the Replacement Shipper may be terminated at the discretion of Transporter or Releasing Shipper, and Releasing Shipper shall immediately be able to again release such capacity under these procedures.

CAPACITY RELEASE
FORM OF SERVICE AGREEMENT
(For temporary capacity release under
Rate Schedule FTS-1, FTS-4 or LFT)
(continued)

APPENDIX A

To

GAS TRANSPORTATION AGREEMENT

Between

TRANSWESTERN PIPELINE COMPANY, LLC

and

MAXIMUM DAILY TRANSPORTATION QUANTITY (MAXDTQ): _____ Dth

Number of Limited Days (if service is LFT): _____

RATE: _____

Primary Receipt Point (1) Maximum Daily
Receipt Quantity (3)

Effective from: _____ Through: _____

Primary Delivery Point (2) Maximum Daily
Delivery Quantity (3)

Effective from: _____ Through: _____

- (1) Shipper agrees to tender, or cause to be tendered, gas for transportation at the Receipt Point(s) identified above or at alternate points, if applicable, at pressures sufficient to effect delivery into Transporter's facilities, not to exceed the maximum allowable operating pressure; provided however, Transporter shall have no obligation to provide compression and/or alter its system operation to enable Shipper to effectuate said deliveries.
- (2) Transporter agrees to transport and deliver gas to Shipper, or for Shipper's account, at the Delivery Point(s) identified above or at alternate points, if applicable; provided however, Transporter shall have no obligation to provide compression and/or alter its system operation to effectuate said deliveries.
- (3) Aggregate may not exceed MAXDTQ as shown above.

RESERVED FOR FUTURE USE

RESERVED FOR FUTURE USE