

To: GISB Contract Subcommittee

Date: April 12, 2000

From: Dynegy Marketing and Trade

Subject: GISB Contract Update

We are of the opinion that there should be one GISB form of contract that can be used for short term as well as long term deals. It is more efficient from an administrative perspective to have one master agreement that can be used for many types of transactions. As a result, many of our suggested revisions pertain only to long term deals. As long as the language in the contract qualifies when a particular provision is applicable, everything should be satisfactory to all concerned parties. With this in mind, listed below are our suggested revisions to the GISB form of contract.

(***) The requested change includes language that may be applicable only if it is decided to combine all Transactions (long term and short term) into one contract. In some cases, it may be an instance where part of the requested change applies to long term and short term Transactions.

1. Section 1.2 was revised to make it optional to send Transaction Confirmations for transactions that have a period of delivery that is less than one month in length. We also included language to better define when each Party can send confirmations.
2. Section 1.3 was revised to make it such that if the Parties find something like a typographical error on a Confirmation, after the Confirm Deadline has passed, the Confirmation can be corrected.
3. Section 1.4 was added to make it optional to record telephone conversations. Most companies are already doing this.
4. Section 2.1 – added a definition for the term “Affiliate”. With all of the mergers, divestitures and acquisitions going on, this is an important term to define.
5. Section 2.5 – added a definition for “Business Hours”. Because of the global economy, it is important that everyone understand what is meant by normal business hours.
6. Section 2.6 – added a definition for “Cash-Out”. This is a term that is frequently used in the industry and is a charge that is frequently used when calculating transportation costs.
7. Section 2.17 – Revised the definition of an EFP transaction to note that its remedy calculations are different from the typical Firm transaction. (***)
8. Section 2.22 – added a definition for “Locked Quantity”. When a transaction has a quantity of Gas that is considered EFP or was triggered into a fixed hedged NYMEX Forward Price, the quantity becomes “locked”. (***)

9. Section 2.25 – added a definition for “NYMEX Forward Price”. If triggered pricing transactions are going to be allowed under this contract, then we need to define this term. (***)
10. Section 3.2 (Cover Standard) – Assuming that EFP and NYMEX Forward Priced deals are going to be allowed under this contract, we added language to note that EFP and NYMEX Forward Priced transactions are not included in this remedy for non performance. We also added language to note that Cash-Out charges are considered to be incremental transportation costs. Last, but not least, we clarified the language for how to calculate damages when gas can't be sold by Seller or purchased by Buyer. The current language assumes that all of the gas can't be sold or purchased and there may be instances where a portion can be sold or purchased. The revised language helps to clarify that issue. (***)
11. Section 3.2 (Spot Price Standard) – Again, language was added to note that EFP and NYMEX Forward Priced transactions are not included in this remedy for non performance and to note that Cash-Out charges are considered to be incremental transportation costs. Last, but not least, the original language did not include incremental transportation costs as part of the formula for calculating damages. The revised language helps to clarify that issue. (***)
12. Section 3.2 (EFP/NYMEX Spot Price Standard) – Assuming that EFP and NYMEX Forward Priced transactions are going to be allowed under this contract, a whole new section was added to note the calculation is tied to Inside FERC. (***)
13. Section 3.3 (Events of Default) – This is the first part of the Early Termination language. This section lists the various Events of Default for all Firm Transactions that can result in declaration of an Early Termination Date. (***)
14. Section 3.4 (Remedies Upon an Event of Default) – This language includes instructions on how and when a party can declare an Early Termination Date as well as how to calculate damages when an Early Termination Date has been declared. (***)
15. Section 4.1 – Language was added to note that neither Party shall be obligated to install compression in order to deliver Gas at a pressure sufficient to effect such delivery.
16. Section 4.2 – Language was added to give more specific deadlines for nominations. The current language is too generic. What constitutes “sufficient time”?
17. Section 6.1 – Language was added to note that the Buyer should be responsible for any Taxes that are imposed by the state (or any other governmental subdivision) in which the Gas is consumed.

18. Section 6.2 – This section was added to note that each Party indemnifies the other Party as far as Taxes and other charges are concerned.
19. Section 6.3 – This section was added to address the issue of new Taxes.
20. Section 7.1 – We added a sentence to note that pricing should be carried out to 4 decimal places. While most companies already do this, having the language in the contract will ensure consistency throughout the industry.
21. Section 7.2 – We added a sentence to note the order in which a payment is applied if late charges are due.
22. Section 7.5 – This section was added to give the Parties the option to net payments during a given Month.
23. Section 7.6 – This section was added to address the issue of suspension of performance due to non-payment. While this issue is currently addressed in Section 10.1, we felt it belonged here, as well.
24. Section 10.1 – We defined the “Debtor Party” and the “Demanding Party”.
25. Section 10.2 – This section was added to establish rights and procedures for a Party to cancel a letter of credit or any other form of security it posted.
26. Section 10.3 – This section was added to note that cancellation of security does not preclude having to post security in the future.
27. Section 10.4 – This section was added to give a Party the right to suspend performance if the other Party fails to provide adequate security on a timely basis.
28. Section 10.5 – This section was added to give Parties the option to ask for security when the Mark-To-Market exposure exceeds a party’s credit limit. (***)
29. Section 11.6 – This section was added to give procedures for curtailing firm volumes if they are cut due to force majeure.
30. Section 13.6 – This section was revised to include the right to declare an Early Termination Date if any provision of the Contract is determined to be illegal, invalid, etc.
31. Exhibit A – We added language to note that if Special Provisions that affect the Base Contract or the General Terms and Conditions in areas other than commercial terms are attached to a Transaction Confirmation, then the Parties need to sign off on those Special Provision separately from the Transaction Confirmation. Quite often, the Confirming Party will attach several pages of Special Provisions and if the Receiving Party hasn’t objected to the Transaction Confirmation within the Confirm Deadline, then

the whole Transaction Confirmation, including the Special Provisions, is considered executed. There may be times when it takes longer than 2 Business Days to evaluate all of the Special Provisions from a legal perspective. This language prevents the Confirming Party from surprising the Receiving Party with non-commercial Special Provisions at the last minute.

If anyone has any questions or needs more information, please contact:

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BASE CONTRACT FOR SHORT-TERM SALE AND PURCHASE OF NATURAL GAS

This Base Contract is entered into as of the following date: April 1, 1999

The parties to this Base Contract are the following:

_____ and _____

Duns # _____

Duns # _____

Contract # _____

Contract # _____

Attn: _____

Attn: _____

Phone: _____ Fax: _____

Phone: _____ Fax: _____

Federal Tax ID Number: _____

Federal Tax ID Number: _____

Invoices and Payments:

Attn: _____

Attn: _____

Phone: _____ Fax: _____

Phone: _____ Fax: _____

Wire Transfer or ACH Nos. (if applicable) _____

Wire Transfer or ACH Nos. (if applicable) _____

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Short-Term Sale and Purchase of Natural Gas published by the Gas Industry Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions (select only one from each box, but see "Note" relating to Section 2.24.):

Section 1.2 Transaction Procedure	<input type="checkbox"/> Oral <input type="checkbox"/> Written	Section 6. Taxes	<input type="checkbox"/> Buyer Pays At and After Delivery Point <input type="checkbox"/> Seller Pays Before and At Delivery Point
Section 2.4 Confirm Deadline	<input type="checkbox"/> 2 Business Days after receipt (default) <input type="checkbox"/> Business Days after receipt	Section 7.2 Payment Date	25th date of Month following Month of delivery
Section 2.5 Confirming Party	<input type="checkbox"/> Seller <input type="checkbox"/> Buyer	Section 7.2 Method of Payment	<input type="checkbox"/> Wire Transfer (WT) <input type="checkbox"/> Automated Clearinghouse (ACH) <input type="checkbox"/> Check
Section 3.2 Performance Obl.	<input type="checkbox"/> Cover Standard <input type="checkbox"/> Spot Price Standard <i>Note: The following Spot Price Publication applies to both of the immediately preceding Standards and must be filled in after a Standard is selected.</i>	Section 13.5 CHOICE OF LAW:	
Section 2.24 Spot Price Publication: Gas Daily "Midpoint"			
<input type="checkbox"/> Special Provisions: Number of sheets attached: _____			

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

(Party Name)

(Party Name)

By _____

By _____

Name: _____

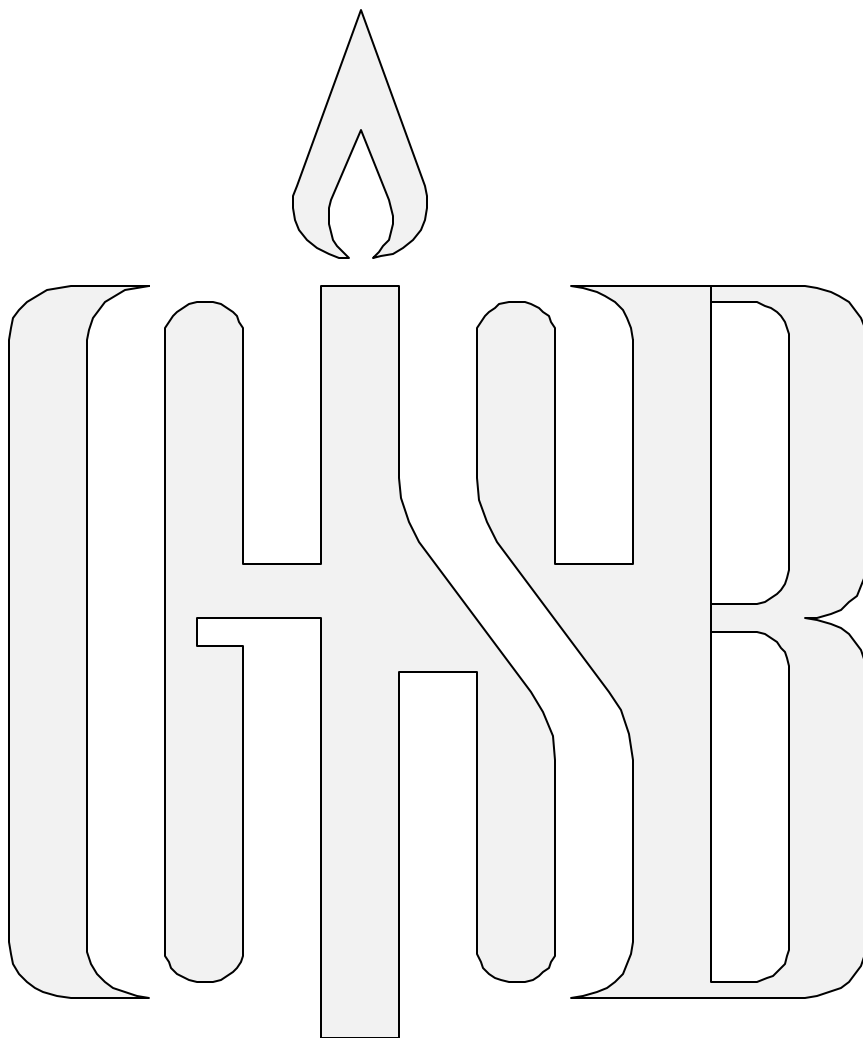
Name: _____

Title _____

Title _____

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. **This Contract is intended for Interruptible transactions or Firm transactions of one month or less and may not be suitable for Firm transactions of longer than one month.** Further, GISB does not mandate the use of this Contract by any party. **GISB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO GISB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT GISB KNOWS, HAS REASON TO KNOW, HAS BEEN**

ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL GISB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.



**GENERAL TERMS AND CONDITIONS
BASE CONTRACT FOR SHORT-TERM
SALE AND PURCHASE OF NATURAL GAS**

SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or Interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas.

The parties have selected either the "Oral" version or the "Written" version of transaction procedures as indicated on the Base Contract.

Oral Transaction Procedure:

1.2 The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, ~~and the other party may,~~ confirm a telephonic transaction with a Delivery Period that is equal to or greater than one calendar Month by sending the other party a Transaction Confirmation substantially in the form of Exhibit A by facsimile, EDI or any other mutually agreeable electronic means within three (3) Business Days after the Transaction was entered into between the Parties. ~~-If the Confirming Party fails to send a Transaction Confirmation within three (3) Business Days after the Transaction is entered into, the other Party may send a Transaction Confirmation to the Confirming Party. If a Transaction is for a Delivery Period of less than one calendar Month, either Party may, but shall not be required to, confirm the Transaction by sending the other Party a Transaction Confirmation by facsimile, EDI or any other mutually agreeable electronic means. Each Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of such Confirming Party.~~

Written Transaction Procedure:

1.2 The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular ~~Delivery Period~~ that is equal to or greater than one calendar Month, the Confirming Party shall, ~~and the other party may,~~ record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or any other mutually agreeable electronic means, ~~to the other party by the close of the Business Day following the date of agreement.~~ If the Confirming Party fails to send a Transaction Confirmation within one (1) Business Day after the Transaction is entered into, the other Party may send a Transaction Confirmation to the Confirming Party. If a Transaction is for a Delivery Period of less than one calendar Month, either Party may, but shall not be required to, confirm the Transaction by sending the other Party a Transaction Confirmation by facsimile, EDI or any other mutually agreeable electronic means. ~~-The parties acknowledge that their agreement will not be binding until the exchange of a fully executed non-conflicting Transaction Confirmation or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.~~

1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. ~~Absent manifest error, t~~ The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. The entire agreement between the parties shall be those provisions contained in both the Base Contract and any effective Transaction Confirmation. In the event of a conflict among the terms of (i) a Transaction Confirmation, (ii) the Base Contract, and (iii) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. Each Party consents to the recording, at its own expense, of all telephone conversations between its employees and the employees of the other Party and shall retain such recordings in such manner as to protect its business records from improper access. No Transaction shall be vitiated should a malfunction occur in equipment regularly utilized for recording Transactions or retaining Transaction tapes or the operation thereof, and in such event, the Transaction shall be evidenced by the written and computer records of the Parties concerning the Transaction made contemporaneously with the telephone conversation. Any such recordings may be introduced to prove the intent of a Transaction; provided, however, that nothing herein shall be construed as a waiver of any objection to the introduction of such evidence on the grounds of relevance. Absent manifest error, any conflict between such recording and written documentation of a Transaction that is executed by both Parties shall

be resolved in favor of such written documentation.

SECTION 2 DEFINITIONS

2.1 "Affiliate" shall mean any individual, corporation, partnership, limited liability company, association, joint venture, trust, or other organization ("Person") of any nature or kind that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified. The term "control" (including the terms "controlled by" or "under common control with") means the possession, directly or indirectly, of the power to direct or cause direction of the management and policies of a Person, whether through ownership, by contract or otherwise. Any Person shall be deemed to be an Affiliate of any specified Person if such Person owns 50% or more of the voting securities of the specified Person, if the specified Person owns 50% or more of the voting securities of such Person, or if 50% or more of the voting securities of the specified Person and such Person are under common control.

2.2.1. "Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein.

2.32. "British thermal unit" or "Btu" shall have the meaning ascribed to it by the Receiving Transporter.

2.43. "Business Day" shall mean any day except Saturday, Sunday or Federal Reserve Bank holidays.

2.5 "Business Hours" shall mean the hours between 8 a.m. and 5 p.m. local time.

2.6 "Cash-Out" shall mean a mechanism that allows the Parties to resolve imbalances by selling Gas to the affected pipeline(s) and/or purchasing Gas from the affected pipeline(s).

2.4.7 "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received, or if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.

2.58. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.

2.69. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract and (ii) the provisions contained in any effective Transaction Confirmation.

2.7.10 "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu, as evidenced by the Contract Price on the Transaction Confirmation.

2.811. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as set forth in the Transaction Confirmation.

2.912. "Cover Standard", if applicable, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the non-defaulting party shall use commercially reasonable efforts to obtain Gas or alternate fuels, or sell Gas, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the defaulting party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the defaulting party.

2.103. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.

2.144. "Delivery Period" shall be the period during which deliveries are to be made as set forth in the Transaction Confirmation.

2.125. "Delivery Point(s)" shall mean such point(s) as are mutually agreed upon between Seller and Buyer as set forth in the Transaction Confirmation.

2.136. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.

2.147. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. An EFP Transaction shall be considered a "Firm" Transaction and be subject to the EFP/NYMEX remedies as set forth in Section 3.2 herein. incorporate the meaning and remedies of "Firm".

2.158. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3. related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.

2.19.46. "Gas" shall mean any mixture of hydrocarbons and non-combustible gases in a gaseous state consisting primarily of methane.

2.20. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure

to satisfy the Transporter's balance and/or nomination requirements.

2.1821. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3. related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.

2.22 "Locked Quantity" shall mean a quantity of Gas that was originally priced at an index price and then triggered or "locked" into either a fixed EFP or a fixed NYMEX Forward Price.

2.1923. "MMBtu" shall mean one million British thermal units which is equivalent to one dekatherm.

2.2024. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

2.25 "NYMEX Forward Price" shall mean a price for a quantity of Gas that is composed of the NYMEX posting for the natural Gas futures contract applicable to the Month or Months selected by Buyer and prevailing at the time Buyer's request is communicated to Seller by telephone and confirmed, in writing, by Seller, plus or minus basis differentials mutually agreed upon by the Parties at the time of Buyer's request or in the absence of mutual agreement by the Parties, a default basis differential as agreed to in the applicable Transaction Confirmation. Any quantity of Gas that has a NYMEX Forward Price shall be considered Firm and subject to the EFP/NYMEX remedies of Section 3.2 herein.

2.2126. "Payment Date" shall mean a date, selected by the parties in the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.

2.2227. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.

2.2328. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.

2.29 2.24 "Spot Price" as referred in Section 3.2 shall mean the price listed in the publication specified by the parties in the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

2.2530. "Transaction Confirmation" shall mean the document, substantially in the form of Exhibit A, setting forth the terms of a purchase and sale transaction formed pursuant to Section 1. for a particular Delivery Period.

2.2631. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular Transaction Confirmation.

SECTION 3 PERFORMANCE OBLIGATION

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as specified in the Transaction Confirmation.

The parties have selected the "Cover Standard" version or the "Spot Price Standard" version as indicated on the Base Contract for quantities that are not subject to an EFP fixed price or a NYMEX Forward Price.

Cover Standard:

3.2 In addition to any liability for Imbalance Charges, which shall not be recovered twice by the following remedy, the exclusive and sole remedy of the parties in the event of a breach of a Firm obligation for a quantity of Gas that is not subject to an EFP fixed price or a NYMEX Forward Price shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard for replacement Gas or alternative fuels and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), including but not limited to Cash-Out charges, multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s) ("Seller's Deficient Quantity"); or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), including by not limited to Cash-Out charges, multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s); ("Buyer's Deficient Quantity") ~~or (iii) in the event that~~

Buyer has used commercially reasonable efforts to purchase Seller's Deficient Quantity from a third party supplier, and no such replacement, or any portion thereof, is available, then the exclusive and sole remedy of Buyer the non-breaching party for the unreplaced portion of Seller's Deficient Quantity shall be calculated as follows: (i) the positive difference, if any, between the Spot Contract Price and the Contract Spot Price, adjusted for such transportation to the applicable Delivery Point, including but not limited to Cash-Out charges, multiplied by (ii) the un-replaced portion of Seller's Deficient Quantity difference between the Contract Quantity and the quantity actually delivered by Seller and received by Buyer for such Day(s). In the event that Seller has used commercially reasonable efforts to sell Buyer's Deficient Quantity to a third party market and no such sale, or any portion thereof, is available, then the exclusive and sole remedy of Seller for the unsold portion of Buyer's Deficient Quantity shall be calculated as follows: (i) the positive difference, if any, between the Contract Price and the Spot Price, adjusted for incremental transportation charges reasonably incurred by Seller, including but not limited to Cash-Out charges, multiplied by (ii) the unsold portion of Buyer's Deficient Quantity.

Spot Price Standard:

3.2 In addition to any liability for Imbalance Charges, which shall not be recovered twice by the following remedy, the exclusive and sole remedy of the parties in the event of a breach of a Firm obligation for a quantity of Gas that is not subject to an EFP fixed price or a NYMEX Forward Price shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; plus any incremental transportation charges reasonably incurred by Buyer, including but not limited to, Cash-Out charges (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price, plus any incremental transportation charges reasonably incurred by Seller, including, but not limited to, Cash-Out charges.

EFP/NYMEX Spot Price Standard: (used when a quantity of Gas is subject to an EFP fixed price or NYMEX Forward Price)

3.2 The exclusive and sole remedy of the Parties in the event of a breach of a Firm obligation for a Locked Quantity of Gas that is subject to an EFP fixed price (a "Monthly EFP Deficiency") and/or a NYMEX Forward Price (a "Monthly NYMEX Deficiency") shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the Monthly EFP Deficiency or Monthly NYMEX Deficiency (expressed in MMBtus), multiplied by the amount, if any, by which the applicable Index Posting (as defined below) for such Month exceeds the applicable EFP Contract Price or the applicable NYMEX Forward Price, and (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the Monthly EFP Deficiency or the Monthly NYMEX Deficiency (expressed in MMBtus), multiplied by the amount, if any, by which the EFP fixed price or the NYMEX Forward Price exceeds the applicable Index Posting. As used herein, the Index Posting shall mean the price specified in INSIDE F.E.R.C.'s GAS MARKET REPORT under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) as reported in the first publication for the Month in which such Monthly EFP Deficiency or Monthly NYMEX Deficiency occurred, as adjusted (up or down, as the case may be) by any incremental transportation costs, including but not limited to Cash-Out charges and Imbalance Charges, or savings between the location of the applicable listing and the Delivery Point(s); provided that, if there is no single published price for such location, but there is published a range of prices, then the Index Posting shall be the average of the high and low prices. If the above publication ceases to be published during the term hereof, its successor publication shall be used or, if there is no successor, the Pasha Publications Inc.'s Gas Daily® "Daily Price Survey" shall be substituted in replacement thereof.

3.3 EVENTS OF DEFAULT

For all Firm Transactions, including but not limited to EFP and NYMEX priced Transactions, a Party (the "Defaulting Party") shall be deemed in default under this Contract upon the occurrence of any one or more of the following events (each an "Event of Default")

- (a) Failure to Pay – Unexcused failure to make timely payment of any amounts not in dispute and which are due to the other Party (the "Non-Defaulting Party") under this Contract, within three (3) Business Days of the Defaulting Party's receipt of a written demand for such payment and provided the payment is not the subject of a good faith dispute as described in Section 7.2;
- (b) Breach of Contract – The unexcused failure by the Defaulting Party to perform any covenant set forth in this Contract that has a material adverse effect on a Party's ability to perform hereunder (other than the events that are otherwise specifically covered in this Section 3.3 as a separate Event of Default or its obligations to deliver or receive Gas for which a remedy is provided in Section 3.2), and such failure is not excused by Force Majeure or cured within five (5) Business Days of a receipt of a written demand for such performance (where timely payment of liquidated damages constitutes performance);
- (c) Receiver ship – Appointment of a receiver, administrator, provisional liquidator, conservator, custodian, trustee or other

similar official for the Defaulting Party or for substantially all of its assets;

- (d) Bankruptcy or Insolvency – (a) Filing by the Defaulting Party of a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law or consenting to the filing of any bankruptcy reorganization petition against it under any similar law and such petition is not withdrawn or dismissed within thirty (30) Days after such filing; (b) filing of a petition or answer or consent seeking relief or assisting in seeking relief in a proceeding under any of the provisions of the Federal Bankruptcy Code, as it now exists or as it may be in effect or an answer admitting the material allegations of a petition filed against it in such a proceeding; (c) making a general assignment for the benefit of its creditors or admitting in writing its inability to pay its debts generally as they become due; (d) otherwise becomes bankrupt or insolvent (however evidenced); or (e) is unable to pay its debts as they fall due.
- (e) Assurance – The failure of the Defaulting Party to provide adequate assurance of its ability to perform all of its outstanding obligations to the Non-Defaulting Party under this Contract, any Transaction or otherwise within a period not to exceed forty-eight (48) hours (but at least one Business Day) of a demand therefor when the Non-Defaulting Party has reasonable grounds for insecurity. Notwithstanding the foregoing, if the Defaulting Party has an acceptable and fully executed corporate or parental guarantee in place with the Non-Defaulting Party, no additional assurances may be requested absent a Material Adverse Change as defined in Section 3.3 (f).
- (f) Material Adverse Change – The occurrence of a Material Adverse Change with respect to the Defaulting Party; provided such Material Adverse Change shall not be considered an Event of Default if the Defaulting Party establishes and maintains a letter of credit for so long as the Material Adverse Change is continuing. As used herein, Material Adverse Change shall mean with respect to a Party, long-term, senior, unsecured debt not supported by third party credit enhancement and that is rated below “BBB-“ by Standard and Poor or below “Baa3” by Moody’s Investor Service.

3.4 REMEDIES UPON AN EVENT OF DEFAULT

- (a) If an Event of Default, with the exception of the Events of Default described in Section 3.3 (d) herein, occurs with respect to a Defaulting Party at any time during the term of this Contract, the Non-Defaulting Party may, in its sole discretion, for so long as the Event of Default is continuing, (i) provide written notice to the Defaulting Party declaring a date equal to or less than twenty (20) Days from the date of the written notice, as an early termination date (“Early Termination Date”) on which all outstanding Transactions shall terminate (individually a “Terminated Transaction” and collectively the “Terminated Transactions”) and (ii) withhold any payments due in respect of the Terminated Transactions. If the Defaulting Party cures the event of Default before the Early Termination Date, the Non-Defaulting Party may, in its sole discretion, reinstate this Contract and declare the previously declared Early Termination Date void. If an Early Termination Date has been designated, the Non-Defaulting Party shall in good faith calculate its Gains, Losses and Costs it incurs as a result of its termination of the Terminated Transactions. The Gains, Losses and Costs shall be determined by comparing the value of the remaining term, daily Contract Quantities and Contract Prices under each Terminated Transaction, had it not been terminated, to the equivalent quantities and relevant market prices for the remaining term either as quoted by a bona fide third party offer or which are reasonably expected to be available in the market under a replacement contract for each Terminated Transaction. To ascertain the market prices of a replacement contract, the Non-Defaulting Party may consider among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. It is expressly agreed that a Party shall not be required to enter into replacement Transactions in order to determine the Termination Payment. The Non-Defaulting Party shall aggregate such Gains, Losses and Costs with respect to all Transactions into a single net amount (“Termination Payment”) and notify the Defaulting Party. The Non-Defaulting Party’s Termination Payment statement shall include a detailed summary as to how the Termination Payment was calculated. If the Non-Defaulting Party’s aggregate Losses and Costs exceed its aggregate Gains, the Defaulting Party shall, within five (5) Business Days of receipt of such notice, pay the net amount to the Non-Defaulting Party, which amount shall bear interest at the interest rate as described in Section 7.2 herein for the period from the Early Termination Date until payment is received by the Non-Defaulting Party. If the Non-Defaulting Party’s aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of the Terminated Transaction(s), the Non-Defaulting Party shall pay such excess to the Defaulting Party on or before the later of (i) ten (10) Days after the end of the Month ending on or after the Early Termination Date or (ii) the date five (5) Business Days after receipt by the Defaulting Party of the Non-Defaulting Party’s notice given above, which amount shall bear interest at the interest rate as described in Section 7.2 of this Contract for the period from the Early Termination Date until payment is received by the Defaulting Party. If this Contract is terminated under the provisions of Section 3.3 (d) as they may apply to either Party, this Contract shall automatically terminate without notice, as if an Early Termination Date had been immediately declared on the Day immediately preceding the Events of Default listed in Section 3.3 (d). The Termination Payment shall be calculated pursuant to this Section 3.4.
- (b) As used herein with respect to each Party: (i) “Costs” shall mean, with respect to a Party, brokerage fees, commissions

and/or any other similar Transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace a Terminated Transaction incurred in connection with enforcing its rights under this Contract; (ii) "Gains" shall mean, with respect to a Party, an amount equal to the present value of the economic benefit (exclusive of Costs), if any, to it resulting from the termination of its obligations with respect to a Terminated Transaction, determined in a commercially reasonable manner; and (iii) "Losses" shall mean, with respect to a Party, an amount equal to the present value of the economic loss (exclusive of Costs), if any, to it resulting from the termination of its obligations with respect to a Terminated Transaction, determined in a commercially reasonable manner. In no event, however, shall a Party's Gains, Losses or Costs include any penalties. At the time for payment of any amount due under this Section 3.4, each Party shall pay to the other Party all additional amounts payable by it pursuant to this Contract, but all such amounts shall be netted and aggregated with any Termination Payment payable hereunder.

(c) The Parties acknowledge and agree that all Transactions under this Contract constitute "forward contracts" within the meaning of the United States Bankruptcy Code and the Parties further acknowledge and agree that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED HEREIN, IN NO EVENT WILL EITHER PARTY BE LIABLE UNDER THIS CONTRACT, WHETHER IN CONTRACT, IN TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY), OR OTHERWISE, FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES.

SECTION 4. TRANSPORTATION, NOMINATIONS AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s) and for delivering such Gas at a pressure sufficient to effect such delivery but not to exceed the maximum operating pressure of the Receiving Transporter. Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s). Notwithstanding anything to the contrary herein, neither Buyer nor Seller shall be obligated to install compression to effect deliveries of Gas hereunder.

4.2. Not later than three Business Days prior to the last day of trading of NYMEX natural gas futures contracts for the following Month of delivery, Buyer agrees to provide Seller notice, by facsimile or electronic means, of the quantities Buyer requests Seller to Schedule for each Gas Day of such Month. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). If the Transaction is such that Buyer is allowed to make changes to its daily quantities of Gas during the Delivery Period, Buyer shall provide to Seller facsimile or electronic notice thereof at least one Business Day prior to the earlier of Buyer's or Seller's Transporter's nomination deadline for the applicable Gas Day. For intra-day trades, Buyer must notify Seller of its desire to change its requested quantities at least three hours prior to the affected Transporter's nomination deadline. If the nomination or Scheduling deadline for the applicable Transporter conflicts with these notification dates and/or time frames, Buyer and Seller agree to modify the notification dates and/or time frames accordingly. Each party shall give the other party timely prior notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's actions or inactions (which shall include, but shall not be limited to, Buyer's failure to accept quantities of Gas equal to the Scheduled Gas), then Buyer shall pay for such Imbalance Charges, or reimburse Seller for such Imbalance Charges paid by Seller to the Transporter. If the Imbalance Charges were incurred as a result of Seller's actions or inactions (which shall include, but shall not be limited to, Seller's failure to deliver quantities of Gas equal to the Scheduled Gas), then Seller shall pay for such Imbalance Charges, or reimburse Buyer for such Imbalance Charges paid by Buyer to the Transporter.

SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

SECTION 6. TAXES

The parties have selected either the "Buyer Pays At and After Delivery Point" version or the "Seller Pays Before and At Delivery Point" version as indicated on the Base Contract.

Buyer Pays At and After Delivery Point:

6.1 Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s), including but not limited to, any Tax levied on Transactions under this Contract by the state (or any other governmental subdivision) in which the Gas is consumed or otherwise used. If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

Seller Pays Before and At Delivery Point:

6.1 Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s), including but not limited to, any Tax levied on Transactions under this Contract by the state (or any other governmental subdivision) in which the Gas is consumed or otherwise used. If a party is required to remit or pay Taxes which are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

6.2 Seller will indemnify and save Buyer harmless against all loss, damage and expense of every character on account of adverse claims to the Gas delivered by Seller, or on royalties, Taxes, payment, or any other charges thereon applicable before delivery to Buyer. Buyer will indemnify and save Seller harmless against all loss, damage and expense of every character on account of adverse claims to the Gas delivered by Buyer or of royalties, Taxes, payments or any other charges thereon applicable after receipt of the Gas by Buyer.

6.3 If any new Tax is imposed for which either Party is responsible, (a) if such new Tax can be passed by Buyer to another Person or entity, Buyer shall pay, cause to be paid or reimburse Seller for such new Tax; and (b) if (a) above does not apply, the Party affected by the new Tax ("New Tax Affected Party") may require the other Party to enter into good faith negotiations to apportion liability for the new Tax equitably between the Parties. If, after fifteen (15) Business Days the Parties are unable to resolve the issue, the New Tax Affected Party may declare an Early Termination Date

SECTION 7. BILLING, PAYMENT AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available. Each invoice shall be such that all pricing is carried out to four (4) decimal places.

7.2. Buyer shall remit the amount due in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. If Buyer fails to remit the full amount payable by it when due, interest on the unpaid portion shall accrue at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum from the date due until the date of payment; or (ii) the maximum applicable lawful interest rate. If either principal or interest is due, any payments thereafter received shall first be applied to the late charges due, then the previously outstanding principal due and lastly, to the most current principal due. If Buyer, in good faith, disputes the amount of any such statement or any part thereof, Buyer will pay to Seller such amount as it concedes to be correct; provided, however, if Buyer disputes the amount due, Buyer must provide supporting documentation acceptable in industry practice to support the amount paid or disputed.

7.3. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with Section 7.2. above.

7.4. A party shall have the right, at its own expense, upon reasonable notice and at reasonable times, to examine the books and records of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This examination right shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate unless objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7. shall be paid in full by the party owing payment within 30 days of notice and substantiation of such inaccuracy.

7.5 In the event that Buyer and Seller are each required to pay an amount under this Contract in the same Month, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater amount may pay to the other Party the difference between the amounts owed. The Parties shall not net disputed amounts from a previous Month(s) against amounts due in the current Month. Unless mutually agreed to between

the Parties, neither Party may net an amount previously due, whether or not in dispute, against the amount due under the current Month's invoice.

7.6 Notwithstanding any other provision of this Contract, if Buyer or Seller fails to pay to the other Party any amounts when due, the aggrieved Party shall have the right to suspend performance under any and all Transactions until such amounts plus interest as described in Section 7.2 have been paid. The Party suspending performance shall provide written notice of the suspension to the non-paying Party. The notice of suspension shall provide a period not to exceed forty-eight (48) hours (but at least one Business Day) during which the non-paying Party may cure by paying any overdue amounts before the deadline for suspension provided in the written notice. Notwithstanding the foregoing, if the non-paying Party, in good faith, disputes the amount of any such billing or part thereof and pays the amount it concedes to be correct, no suspension shall be permitted.

SECTION 8. TITLE, WARRANTY AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. Notwithstanding the other provisions of this Section 8., as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payments and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder can be sent by facsimile or other mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand-delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission, if the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered two Business Days after mailing.

SECTION 10. FINANCIAL RESPONSIBILITY

10.1. When reasonable grounds for insecurity of payment or title to the Gas arise, either Party (the "Demanding Party") may demand adequate assurance of performance from the other Party (the "Debtor Party"). Adequate assurance shall mean sufficient security in the form and for the term reasonably specified by the Demanding Party party demanding assurance, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset acceptable to the Demanding Party or a performance bond or guarantee by a creditworthy entity. In the event either party shall (i) make an assignment or any general arrangement for the benefit of creditors; (ii) default in the payment obligation to the other party; (iii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iv) otherwise become bankrupt or insolvent (however evidenced); or (v) be unable to pay its debts as they fall due; then the other party shall have the right to either withhold and/or suspend deliveries or payment, or terminate the Contract without prior notice, in addition to any and all other remedies available hereunder. Seller may immediately suspend deliveries to Buyer hereunder in the event Buyer has not paid any amount due Seller hereunder on or before the second day following the date such payment is due.

10.2 At any time after the Debtor Party has provided security to the Demanding Party, the Debtor Party may by written notice, accompanied by such supporting information as the Debtor Party deems appropriate, request that the Demanding Party withdraw and terminate its demand for security for the Debtor Party's performance. The Demanding Party shall thereupon determine, in the exercise of its good faith judgment, based upon the information provided by the Debtor Party in support of such request, whether or not the

Demanding Party any longer has reasonable grounds for insecurity with respect to the Debtor Party's performance under this Contract. If the Demanding Party determines that such reasonable grounds no longer exist, the Demanding Party shall promptly so notify the Debtor Party in writing and permit the Debtor Party to cancel any then outstanding security.

10.3 If the Demanding Party permits the Debtor Party to cancel any security provided by the Debtor Party pursuant to this Section 10, such cancellation shall not preclude the Demanding Party from later demanding security for the Debtor Party's performance, should the Demanding Party again in its good faith opinion believe itself insecure with respect to the Debtor Party's performance.

10.4 Failure of the Debtor Party to provide security for its performance within five (5) Business Days of receipt of the Demanding Party's written request therefor, unless such request has been withdrawn, shall be grounds for the Demanding Party to suspend performance under this Contract five (5) Business Days after the Debtor Party's receipt of written notice of such suspension provided, however, that if the Debtor Party demonstrates to the Demanding Party that it is diligently seeking the requested security and the Demanding Party, in its sole discretion, is satisfied with the Debtor Party's efforts to obtain the requested security, then the Demanding Party agrees to forbear any such suspension for up to an additional thirty (30) Days.

10.5 If, during the term of this Contract, (a) Buyer fails to pay any amounts required under this Contract or (b) either Party, in its sole judgment reasonably exercised, determines that the creditworthiness or financial responsibility of the other Party has become impaired or unsatisfactory, or is otherwise insufficient to support the exposure (the "Mark-to Market Exposure") resulting from the differences between a fixed price and the relevant market prices (based upon the NYMEX Gas Futures curve and/or quotations from leading dealers in Gas swap contracts) for Gas to be delivered during the remaining term of any Transaction under this Contract; then Seller or Buyer (as applicable) may, upon written notice to the other Party, request other security as contemplated in this Section 10 (such as a letter of credit, guarantee, or in the case of any Transactions with a fixed price, performance assurance margin (cash or cash equivalent collateral) equal to the Mark-to-Market Exposure from time to time in effect) satisfactory to the requesting Party.

10.6. Each party reserves to itself all rights, set-offs, counterclaims, and other defenses which it is or may be entitled to arising from the Contract.

SECTION 11. FORCE MAJEURE

11.1. Except with regard to a party's obligation to make payment due under Section 7 and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2.

11.2. Force Majeure shall include but not be limited to the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption of firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, or regulation promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary firm transportation unless primary, in-path, firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be entirely within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide notice to the other party. Initial notice may be given orally; however, written notification with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written notification of Force Majeure to the other party, the affected party will be relieved of its obligation to make or accept delivery of Gas as applicable to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

11.6 If Force Majeure causes either Party to curtail its Firm deliveries or receipts under this Contract, the affected Party shall curtail such deliveries or receipts among its Firm customers or suppliers on a pro-rata basis after curtailing all of its Interruptible customers or suppliers at the affected Delivery Point. Notwithstanding the foregoing, each Party shall be obligated to curtail deliveries to Interruptible customers or receipts from Interruptible suppliers prior to curtailing any deliveries to Buyer or receipts from Seller, only in the event and to the extent, that such curtailment increases the supply of Gas available for delivery to Transporter at the affected

Delivery Point(s) without resort to backhaul, exchange, displacement or any other similar non-direct arrangements. Nothing in the paragraph shall be construed to require either Party to take any action which would, in that Party's reasonable judgment, result in a breach of a Firm obligation between the affected Party and a third party providing deliveries on a pipeline other than the affected transporting pipeline.

SECTION 12. TERM

This Contract may be terminated on 30 days' written notice, but shall remain in effect until the expiration of the latest Delivery Period of any Transaction Confirmation(s). The rights of either party pursuant to Section 7.4., the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any Transaction Confirmation.

SECTION 13. MISCELLANEOUS

13.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party, which consent will not be unreasonably withheld or delayed; provided, either party may transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any transfer and assumption, the transferor shall not be relieved of or discharged from any obligations hereunder.

13.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

13.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

13.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective Transaction Confirmation(s). This Contract may be amended only by a writing executed by both parties.

13.5. The interpretation and performance of this Contract shall be governed by the laws of the state specified by the parties in the Base Contract, excluding, however, any conflict of laws rule that would apply the law of another jurisdiction.

13.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any Federal, State, or local governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or Transaction Confirmation or any provisions thereof. If any provision of this Contract is held to be illegal, invalid, or unenforceable under the present or future laws effective during the term of this Contract and such invalidity or unenforceability has or would have a material and substantial negative impact on the rights, duties or obligations of either Party, then the Parties shall meet to determine if such negative impact can be eliminated or mitigated. If such negative impact cannot be eliminated or mitigated to the satisfaction of the Party affected thereby, that Party shall have the right to terminate this Contract. Notwithstanding the foregoing, any Firm Transaction affected with the termination of this Contract shall be designated as an Event of Default and terminated in accordance with the procedures of Section 3.

13.7. There is no third party beneficiary to this Contract.

13.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

TRANSACTION CONFIRMATION
EXHIBIT A
FOR IMMEDIATE DELIVERY

Letterhead/Logo

Date: _____
Transaction Confirmation #: _____

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract. If this Transaction Confirmation contains Special Provisions, other than those relating to the commercial terms of the Transaction (e.g., price, volume, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration provisions or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 unless agreed to in writing; provided that the foregoing shall not invalidate any Transaction agreed to by the Parties.

SELLER:

BUYER:

Attn: _____
Phone: _____
Fax: _____
Base Contract No. _____
Transporter: _____
Transporter Contract Number: _____

Attn: _____
Phone: _____
Fax: _____
Base Contract No. _____
Transporter: _____
Transporter Contract Number: _____

Contract Price: \$ _____ /MMBtu or _____

Delivery Period: Begin: _____, 20____ End: _____, 20____

Performance Obligation and Contract Quantity: (Select One)

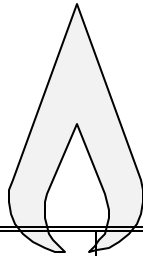
<p>Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP <input checked="" type="checkbox"/> NYMEX Forward Price</p>	<p>Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller</p>	<p>Interruptible: Up to _____ MMBtus/day</p>
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Delivery Point(s): _____
(If a pooling point is used, list a specific geographic and pipeline location):

Special Conditions:

Seller: _____

Buyer: _____



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

