

Date: May 15, 2000
To: GISB Contracts Subcommittee
From: Williams Energy Marketing & Trading Company (f/k/a Williams Energy Services Company)
Re: Suggested amendments to the Base Contract for Short Term Sale and Purchase of Natural Gas

Section 2.25 shall be deleted in its entirety and replaced with the following:

“Transaction Confirmation” shall mean the document or Electronic Record, 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 Point.

The following shall be added to Section 2, Definitions:

“Electronic Record” shall mean a record created, stored, generated, received, or communicated by electronic means, including but not limited to the use of a tape recording, computer program, electronic data, magnetic media, interchange, electronic mail, facsimile, telex, telecopy, or scanner.

The following shall be added to Section 10.1. Financial Responsibility:

If a party to this Agreement becomes subject to Bankruptcy Code proceedings, it is understood and agreed that the other Party shall be entitled to exercise its contractual right to liquidate as a forward contract merchant under Section 556 of the U.S. Bankruptcy Code.

The following shall be added to Section 11.2. Force Majeure:

Force Majeure may, in the case of an EFP, also include the inability to transact relevant futures trading for any reason beyond the reasonable control of Buyer or Seller, including without limitation closing of the New York Mercantile Exchange (“NYMEX”) or Kansas City Board of Trade (“KCBOT”) or any refusal by the NYMEX or KCBOT to allow trading during trading hours; failure of telecommunications lines or of computers or other equipment utilized in trading broadly affecting other similar equipment in the same geographic area.

The following shall be added to Section 13. Miscellaneous:

13.9 Notwithstanding the language of Paragraph 1.2, Oral Transaction Procedure, each of the parties hereto (i) consents to the recording of the telephone conversations of their respective trading and marketing personnel in connection with this Contract, (ii) agrees such recording will constitute the Transaction Confirmation, and (iii) agrees that any such electronic recordings may be submitted in evidence in any suit, action or other proceedings in relation to this contract without objection to the admissibility under the statute of frauds, the hearsay rule, the best evidence rule or other rule of evidence.

13.10 Buyer shall establish and maintain credit satisfactory to Seller during the term of this Agreement. If Buyer fails to maintain satisfactory credit, Seller may (a) suspend deliveries of Gas until satisfactory credit is reestablished and/or (b) after providing fifteen (15) Business Days written notice, terminate this Agreement.

13.11 Notwithstanding the language of Paragraph 1.2, Oral Transaction Procedure, and Paragraph 1.2, Written Transaction Procedure, any electronic signature, including but not limited to a “bit map” or digital signature, attached to or logically associated with a Transaction Confirmation or notice under this Contract shall be deemed to be a “signature” and satisfy any rule of law requiring a signature. The Parties agree not to contest or assert a defense to the validity or enforceability of an Electronic Record or an electronic signature, in accordance with this Contract, under laws relating to whether certain agreements are to be in writing or signed by the Party to be bound. Neither Party shall object to the admissibility of the Electronic Record or electronic signature on the basis that such were not maintained in documentary form under either the hearsay rule, the best evidence rule, or other rule of evidence.

13.12 Equipment and Electronic Record. Each Party shall have the option, at its expense, to maintain equipment necessary to generate and send Transaction Confirmations, provided that such Party shall maintain each such Transaction Confirmation in such a manner as to protect it from improper access, and further provided, such Party shall not be liable for any equipment malfunction or the operation thereof in respect of any Transaction WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. No Transaction shall be vitiated should a malfunction occur in equipment regularly utilized for generating, sending, and storing Electronic Record Transaction Confirmations of Transactions, and in such event, the Transaction shall be evidenced by the written and computer records of the Parties concerning the Transaction.