

**SPECIAL PROVISIONS to the
Base Contract for Short-Term Sale and Purchase of Natural Gas
between**

(_____)

and

(_____)

Dated _____, 2000

1. The following shall be added to **SECTION 1. PURPOSE AND PROCEDURES** as Section 1.4.:
 - 1.4. Each party consents to the recording of all telephone conversations between its employees and the employees of the other party. Any such recordings and any other evidence may be introduced to prove any oral agreements between the parties.

2. The following shall be added to **SECTION 7. BILLING, PAYMENT AND AUDIT** :
 - 7.5. Netting of Payments. Notwithstanding any provisions to the contrary herein, if Gas is sold pursuant to this Agreement during any given calendar month, the Party owing the greater amount during such calendar month (the "Debtor") on any given Due Date shall apply the amount (the "Credit Balance") owed on or before the same date by the other Party (the "Creditor") toward payment of the amount owed by the Debtor to the Creditor for such calendar month. The remainder of the amount owed by the Debtor to the Creditor (after deduction of the Credit Balance) shall be paid in accordance with the payment terms of this Agreement.
 - 7.6. Payment Obligation Absent Netting. If no mutual debts or payment obligations exist on any given Due Date established under this Agreement and only one Party owes a debt or obligation to the other Party under this Agreement on any day, then the Party who owes such amount shall pay such sum in full when due to the other Party.
 - 7.7. Application. This Netting shall apply only to amounts charged for Gas delivered and to any other charges under this Agreement, including, but not limited to, Transporter Penalties, liquidated damages and interest. This Netting provision shall not apply to any financial derivative agreements between the Parties, including, but not limited to, swaps and options; provided, however, that this Netting provision shall apply to the exchange of futures for physical agreements between the Parties.

3. The first sentence of **SECTION 8.3** shall be amended by the addition of the word "reasonable" between the words "including" and "attorneys".

4. The third (3rd) and fourth (4th) sentences of **SECTION 10.1 FINANCIAL RESPONSIBILITY** shall be deleted in their entirety and replaced with the following:

Notwithstanding and in addition to but not in limitation of any other provision hereof or of any other agreement between the parties, in the event (each a "default") either party (the "Defaulting Party") shall (i) make an assignment or any general arrangement for the benefit of creditors, (ii) become bankrupt or insolvent, however evidenced, or be unable to pay its debts as they fall due, (iii) file a petition or otherwise commence a proceeding under any bankruptcy, insolvency, reorganization or similar law; or have any such petition filed or proceeding commenced against it, (iv) have a liquidator, administrator, receiver or trustee appointed with respect to it or any substantial portion of its property or assets, (v) fail to pay or perform, when due, any material obligation to the other party (the "Non-

Defaulting Party"), whether under this agreement, or in connection with credit support obligations or otherwise (other than its obligations to deliver or receive natural gas, the exclusive remedy for which is provided in Section 3 hereof) and such failure is not cured within two (2) Business Days after written notice thereof to the Defaulting Party, or (vi) fail to provide adequate assurance of its ability to perform all of its outstanding obligations to the Non-Defaulting Party under this Base Contract, any Transaction or otherwise within a period not to exceed 48 hours (but at least one Business Day) of a demand therefor when the Non-Defaulting Party has reasonable grounds for insecurity, then in any such event the Non-Defaulting Party shall have the right, without notice, to liquidate any or all Forward Contracts, as defined below, (including any portion of a Forward Contract not yet fully delivered) then outstanding at any time or from time to time thereafter by:

10.1.1 Closing out each priced Forward Contract or priced portion of a Forward Contract being liquidated at its Market Value, as defined below, so that each such Forward Contract is canceled and a settlement payment in an amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Forward Contract shall be due to the Buyer under the Forward Contract if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and

10.1.2 Closing out each unpriced Forward Contract or unpriced portion of a Forward Contract being liquidated at the amount, if any, which the Non-Defaulting Party would have to pay or would receive if it were to replace such Forward Contract, such settlement payment to be determined by the Non-Defaulting Party in a commercially reasonable manner and to be due to the non-Defaulting Party if a payment and to the Defaulting Party if an amount to be received; and

10.1.3 Discounting each amount then due under Section 10.1.1 to present value as at the time of liquidation (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Forward Contract); and

10.1.4 Setting off or aggregating, as appropriate, any or all settlement payments (discounted as appropriate) and (at the election of the Non-Defaulting Party) any or all other amounts owing between the parties hereunder or under any Forward Contract so that all such amounts are aggregated and/or netted to a single liquidated amount payable by one party to the other.

The net amount due after any such liquidation shall be paid by the close of business on the next Business Day.

5. The following shall be added to **SECTION 10. FINANCIAL RESPONSIBILITY** as Sections 10.3. through 10.5:

10.3 The Non-Defaulting Party's rights under this Section 10 are in addition to, and not in limitation or exclusion of, any other rights which the Non-Defaulting Party may have (whether by agreement, operation of law or otherwise) subject to the limitation set forth in Section 3.2. If a default occurs, the Non-Defaulting Party may (at its election) from time to time set off any or all amounts which the Defaulting Party owes to it (whether under this Base Contract, any Forward Contract or otherwise and whether or not then due), provided that any amount not then due which is included in such setoff shall be

discounted to present value as at the time of setoff (to take account of the period between the date of setoff and the date on which such amount would have otherwise been due).

10.4 For purposes of this Base Contract, "Forward Contract" means any agreement constituting a "forward contract" within the meaning of the United States Bankruptcy Code including, without limitation, a transaction or any other agreement for the purchase, sale or transfer (including a swap) of natural gas or any other hydrocarbon or interest related thereto which has a maturity date or Delivery Period more than two days after the date the Forward Contract is entered into; "Contract Value" means the amount of Gas or other product remaining to be delivered multiplied by the Contract Price; and "Market Value" means the amount of Gas or other product remaining to be delivered multiplied by the market price per unit determined by the Non-Defaulting Party in a commercially reasonable manner. The rate of interest used in calculating present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

10.5 Notice that a liquidation pursuant to this Section 10 has occurred shall be given by the Non-Defaulting Party to the Defaulting Party before the close of business on the Business Day following such liquidation, provided that failure to give such notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party.

6. The second sentence of **SECTION 13.1** shall be deleted in its entirety and replaced with the following:

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, however, that either party may, without the consent of the other party (and without relieving itself from liability hereunder), (i) transfer, sell, pledge, encumber or assign this Contract or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this Contract to an affiliate of such party which affiliate's creditworthiness is comparable to or higher than that of such party, or (iii) transfer or assign this Contract to any person or entity succeeding to all or substantially all of the assets of such party; provided, however, that in each such case, any such assignee shall agree to in writing be bound by the terms and conditions hereof.

7. The following shall be added to **SECTION 13. MISCELLANEOUS** as Sections 13.9. through 13.11:

13.9. Except as otherwise provided for herein, the provisions of the Uniform Commercial Code ("UCC") of the state whose laws shall govern this Base Contract shall be deemed to apply to all Transactions and Gas shall be deemed to be a "good" for purposes of the UCC. EXCEPT AS EXPRESSLY SET FORTH HEREIN, SELLER EXPRESSLY NEGATES ANY OTHER REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE MERCHANTABILITY OR FITNESS OF GAS FOR ANY PARTICULAR PURPOSE.

13.10 Notwithstanding any other provision to the contrary herein, with regard to references to "Imbalance Charges" in Sections 2.15, 2.18, 4.3, 11.1 and 11.3, it is understood and agreed that upon receiving notice of Force Majeure, the party not claiming Force Majeure shall adjust nominations with its Transporter(s) to account for any change in quantities to be delivered or received. Such nomination change shall be made as soon as practicable after receipt of notice of such event of Force Majeure, but not later than the next Business Day thereafter.