

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Statement of Operating Conditions of Salt Plains Storage, LLC
Pursuant to 18 CFR § 284.123(e)
Dated and Effective as of September 24, 2010**

This Statement of Operating Conditions of Salt Plains Storage, LLC (“Salt Plains”) is filed with the Federal Energy Regulatory Commission (“FERC”) pursuant to Section 284.123(e) of the FERC’s Regulations, and with respect to the firm and interruptible natural Gas storage service which Salt Plains provides pursuant to Section 311(a)(2) of the Natural Gas Policy Act of 1978 (NGPA), 15 USC § 3371(a)(2), at its underground storage facility in Grant County, Oklahoma.

This Statement of Operating Conditions consists of the following

- General Terms and Conditions of Service
- Rate Summary
- Service Schedules for FSS and STS Service
- Pro Forma Customer Access Agreement
- Pro Forma Service Agreement and Appendices for FSS and STS Service
- Pro Forma Service Request Form
- Pro Forma Letter of Credit
- Pro Forma Guarantee

SALT PLAINS STORAGE, LLC
400, 607 8th Avenue S.W.
Calgary, Alberta T2P 0A7
CANADA

TABLE OF CONTENTS

	Page
Table of Contents	2
A. General Description of Service	3
B. Definitions	4
C. Types and Classes of Service	12
D. General Terms and Conditions of Service	13
1. Amendments	13
2. Establishment and Operation of Inventory Account	13
3. Requests, Nominations and Confirmations	13
4. Replacement Pricing Reference	15
5. Billings and Payments	16
6. Term End Adjustment of Stored Inventory	17
7. Breach	18
8. Liability, Liquidated Damages and Early Termination Damages	19
9. <i>Force Majeure</i>	24
10. Notices	25
11. Tax Matters	25
12. Possession and Warranty	26
13. Application for Service and Contracts	27
14. Establishment and Re-establishment of Credit	28
15. Gas Quality and Measurement of Service	31
16. Continuity of Service; Allocation of Capacity	32
17. Miscellaneous	33
18. Dispute Resolution	35
E. Rate Summary	37
Service Schedules	
Schedule FSS	38
Schedule STS	44
PlainsARROW Customer Access Procedures	48
Sample Forms	
A. Storage Service Agreement	57
B. Appendix FSS	63
C. Appendix STS	64
D. Request Form	65
E. Letter of Credit	66
F. Guarantee	67

STATEMENT OF OPERATING CONDITIONS

ARTICLE A. GENERAL DESCRIPTION OF SERVICE

Salt Plains Storage, LLC (“Salt Plains”) operates a natural Gas storage facility, including a natural Gas reservoir, wells, pipeline, and compressor and processing facilities, all located within Grant County, Oklahoma. Salt Plains provides storage service to Customers located in any county of Oklahoma or outside of Oklahoma provided that said Customer can arrange to have its Gas transported to and from the Service Commencement Point and the Service Termination Point, and provided that said customer is eligible to receive service provided by Salt Plains under Section 311(a)(2) of the NGPA and Part 284, Subpart C of the FERC’s Regulations thereunder.

ARTICLE B. DEFINITIONS

Whenever used in this Statement of Operating Conditions, the following words and expressions shall have the respective meanings ascribed to them as follows:

1. “Acceptable Credit Rating” means a Credit Rating no lower than any of the following: “BBB-” from Standard & Poor’s or “Baa3” from Moody’s;
2. “Affiliate” means, with respect to the relationship between corporations, that one of them is controlled by the other or that both of them are controlled by the same person, corporation or body politic; and for this purpose a corporation will be treated as controlled by those persons, corporations or bodies politic who own or effectively control, other than by way of security only, sufficient voting shares of the corporation (whether directly through the ownership of shares of the corporation or indirectly through the ownership of shares of another corporation which owns shares of the corporation) to elect the majority of its board of directors. A partnership which is a Party and which is comprised of corporations or partnerships which in each case are Affiliates, as described above, will be treated as an Affiliate of each such corporation or partnership and its other Affiliates;
3. “Appendix” means a document, a pro forma of which is set forth as Sample Forms B and C, that adopts that Service Schedule and confirms the particulars of the Transaction that is set forth therein;
4. “Appendix FSS” means an Appendix FSS in the form set forth as Sample Form B, evidencing a Transaction between Customer and Salt Plains;
5. “Appendix STS” means an Appendix STS in the form set forth as Sample Form C, evidencing a Transaction between Customer and Salt Plains;
6. “Auction” means any on-line auction of storage services that Salt Plains may from time to time offer. Such Auction shall be governed by the rules and agreement contained on such Auction and by the terms and conditions, as applicable, of this Statement of Operating Conditions.
7. “Billing Month” means the Gas Month immediately preceding the Gas Month in which Salt Plains is required to bill Customer pursuant to Section 5.2;
8. “FSS Service” means a service offered by Salt Plains for delivery of Gas at the Service Commencement Point by or on behalf of Customer and for delivery of Gas at the Service Termination Point to or on behalf of Customer, on the terms and conditions of Service Schedule FSS and Appendix FSS;
9. “Btu” or “British Thermal Unit” means the standard unit for measuring a quantity of thermal energy. One Btu equals the amount of thermal energy required to raise one pound of water one degree Fahrenheit at or near its point of maximum density;
10. “Bundled Profile” means a form of FSS Service, in which Customer receives a certain firm injection rate and a certain firm withdrawal rate derived by a formula based upon Customer’s actual inventory level for that Gas Day;

11. “Business Day” means any day except a Saturday, Sunday, or Federal Reserve Bank holiday;
12. “Commencement Quantity” means the aggregate quantity of Gas actually delivered or received at the Service Commencement Point;
13. “Confidential Information” means the confidential information or trade secrets of the transmitting Party and the confidential information and trade secrets of other persons in favor of whom the transmitting Party has undertaken, or is otherwise bound by, an obligation of confidentiality, regardless of the form of which such information is constituted, excluding however, information that is publicly available other than as a result of the improper conduct of the recipient Party, information that was within the recipient Party's knowledge prior to disclosure by the transmitting Party, and information that has been lawfully disclosed by another source;
14. “Confirm” means the act of making a Confirmation;
15. “Confirmation” means the matching and confirmation by Salt Plains and a Connecting Pipeline of the Nominations submitted by Customer;
16. “Connecting Pipeline” means a pipeline system specified on the Appendix evidencing the Transaction between the Parties;
17. “Credit Rating” means the rating given to Customer's unsecured Long Term Debt by Standard & Poor's or Moody's;
18. “Curtailment Allowance” has the meaning given in Section 3.1 of Schedule FSS;
19. “Customer” means the person or persons who contract for Service at the Salt Plains Storage Facility and includes the person's or persons' successors and permitted assigns;
20. “Decatherm” or “Dth” means one million Btu or ten therms;
21. “Defaulting Party” means the Party who in the circumstances is responsible for a Delivery Default or is responsible for or subject to a Triggering Event;
22. “Deficient Quantity” means the quantity of Gas which the Defaulting Party failed to deliver or accept, as the case may be, on the Delivery Default Date;
23. “Delivery Default” means the failure by a Party, for any reason not excused by the applicable provisions of the Storage Service Documents, to deliver or accept Gas on any Gas Day in accordance with its obligations;
24. “Delivery Default Date” means the Gas Day on which the Delivery Default occurred;
25. “Designated Transportation Account” means the Transportation Account specified on the Appendix evidencing the Transaction between the Parties;

26. “Document(s)” for the purposes of the PlainsARROW Customer Access Procedures mean data that relate to a Transaction and that are in a form contemplated by or listed in Attachment “A” of the PlainsARROW Customer Access Procedures;
27. “Dollars” or “\$” means United States dollars, unless expressly indicated otherwise;
28. “Early Termination Damages” means the net present value of the economic loss, if any, as calculated pursuant to Section 8, deemed to have been suffered by the Non-Defaulting Party as a result of the early termination of some or all Transactions, as designated by the Non-Defaulting Party;
29. “Early Termination Date” has the meaning given in Section 8.7;
30. “Effective Time” means, when used in connection with any of the terms “Request”, “Nomination” or “Confirmation”, the time when Gas will begin to flow on the Connecting Pipeline in response to such Request, Nomination, and Confirmation;
31. “FERC” means the Federal Energy Regulatory Commission;
32. “Financial Assurance” means an irrevocable Letter of Credit, substantially in the form set forth as Sample Form E, a Guarantee, substantially in the form set forth as Sample Form F, given by another person with an Acceptable Credit Rating or such other security acceptable to Salt Plains;
33. “Financial Statements” means some or all of Customer’s current balance sheet, statement of income, statement of retained earnings and statement of changes in financial position and notes as reasonably required by Salt Plains;
34. “Firm Storage Service” means “FSS Service”;
35. “Flex Discretion” means that either Salt Plains or Customer, or both, has been assigned a Flex Quantity at the Service Commencement Point, Service Termination Point, or both, as stipulated in Appendix STS, and has the rights set out in Section 3 of Schedule STS;
36. “Flex Quantity” when used in relation to a Party having Flex Discretion, means the quantity of Gas as initially stipulated in the Appendix STS evidencing the Transaction entered into by the Parties and as reduced from time to time by that Party’s exercise of Flex Discretion;
37. “*Force Majeure*” has the meaning given it in Section 9, except when used in relation to PlainsARROW, in which case, it has the meaning given it in Section 8 of PlainsARROW;
38. “Gas” or “natural Gas” means natural Gas that meets the quality specifications of the Connecting Pipeline;
39. “Gas Day” means a period beginning at 09:00 Central Clock Time and ending at 09:00 Central Clock Time on the following day. Each Gas Day will be referred to by the calendar day in which it commences;

40. “Gas Month” means a period of time beginning at 09:00 Central Clock Time on the first day of a calendar month and ending at 09:00 Central Clock Time on the first day of the following calendar month. Each Gas Month will be referred to by the calendar month in which it commences;
41. “Guarantee”, “Guaranteed Obligations” and “Guarantor” each have the meaning given in Section 14 and Sample Form “F”;
42. “Injection Commodity Rate” means the rate, expressed in dollars per Decatherm, payable by Customer for injecting Gas into the Salt Plains Storage Facility, as stipulated in Appendix FSS;
43. “Injection Demand Charge” means for any Gas Month, the Maximum Daily Injection Quantity times the Injection Demand Rate for that Gas Month;
44. “Injection Demand Rate” means the rate, expressed in dollars per Decatherm per month, payable by Customer reserving injection service at the Salt Plains Storage Facility for Customer’s exclusive use, as stipulated in Appendix FSS;
45. “Intraday” means when a Nomination Time and the corresponding Effective Time occur within the same calendar day;
46. “Inventory Account” means an account maintained by Salt Plains as the means by which Transactions entered into by the Parties are accounted for. Salt Plains may maintain more than one Inventory Account on behalf of Customer;
47. “Inventory Capacity” means that portion of the operating capacity of the Salt Plains Storage Facility sufficient to store on behalf of Customer, the total quantity of Gas for an Inventory Account as stipulated as such on Appendix FSS and Appendix STS referencing such Inventory Account, and in accordance with the provisions of the Storage Service Documents;
48. “Inventory Demand Charge” means for any Gas Month, the Inventory Capacity times the Inventory Demand Rate for that Gas Month;
49. “Inventory Demand Rate” means the rate, expressed in dollars per Decatherm per month, charged for reserving inventory capacity at the Salt Plains Storage Facility for Customer’s exclusive use, as stipulated in Appendix FSS;
50. “Letter of Credit” has the meaning given in Section 14 and Sample Form “E”;
51. “Liquidated Damages” means an amount determined in accordance with the provisions of Section 8;
52. “Maximum Daily Injection Quantity” means the maximum quantity of Gas that Customer may Request or Nominate for delivery by Customer at the Service Commencement Point during any Gas Day, as stipulated in the Appendix FSS evidencing the Transaction entered into by the Parties; and, when used in relation to any

part of any Gas Day, means a fraction of such quantity that is equal to the ratio of such part of the Gas Day to the entire Gas Day;

53. “Maximum Daily Quantity” means, in relation to the Service Commencement Point or the Service Termination Point, as the case may be, the maximum quantity of Gas that Customer may Request or Nominate for delivery on any Gas Day at that point, as stipulated in the Appendix STS evidencing the Transaction entered into by the Parties; and, when used in relation to any part of any Gas Day, means a fraction of such quantity that is equal to the ratio of such part of the Gas Day to the entire Gas Day;
54. “Maximum Daily Withdrawal Quantity” means the maximum quantity of Gas that Customer may Request or Nominate for delivery by Salt Plains at the Service Termination Point during any Gas Day, as stipulated in the Appendix FSS evidencing the Transaction entered into by the Parties; and, when used in relation to any part of any Gas Day, means a fraction of such quantity that is equal to the ratio of such part of the Gas Day to the entire Gas Day;
55. “Minimum Daily Quantity” means, in relation to the Service Commencement Point or the Service Termination Point, as the case may be, the minimum quantity of Gas that Customer must Request and Nominate for delivery on any Gas Day and that Salt Plains must Confirm, all as stipulated in the Appendix STS evidencing the Transaction entered into by the Parties; and, when used in relation to any part of any Gas Day, means a fraction of such quantity that is equal to the ratio of such part of the Gas Day to the entire Gas Day;
56. “Monthly Profile” means a form of FSS Service, in which Customer receives a certain firm injection rate and a certain firm withdrawal rate established in Appendix FSS for each Gas Day of each specified Gas Month;
57. “Monthly Storage Demand Charge” means in respect of any FSS Transaction, the amount appearing on the Appendix FSS evidencing that Transaction;
58. “NGPA” means the Natural Gas Policy Act of 1978;
59. “Nominate” means the act of making a Nomination;
60. “Nomination” means a request for transportation by Customer or Salt Plains made to the Connecting Pipeline of the quantity of Gas that the Party wishes to flow on the Connecting Pipeline system on the date specified;
61. “Nomination Time” means the deadline for submitting Nominations as set out on the Notification Schedule;
62. “Non-Defaulting Party” means in any circumstance the Party that is not the Defaulting Party in that circumstance;
63. “Notification Schedule” means the form attached to the Storage Services Agreement setting forth, among other things, the Nomination Times, Request Times, addresses for notice and other information relating to Customer and Salt Plains;

64. "Obligation" has the meaning given it in Section 9.1;
65. "Party" or "Parties" means, respectively, either or both of Customer and Salt Plains;
66. "Person" or "persons" means any legal entity;
67. "PlainsARROW" or "PlainsARROW Customer Access Procedures" means the PlainsARROW™ Customer Access Procedures attached to these Storage Service Documents, as amended from time to time;
68. "PlainsARROW Network" means the configuration of computer processing equipment and communications facilities by means of which Documents are transmitted and received by the Parties;
69. "PlainsARROW Procedures" means the PlainsARROW Customer Access Procedures;
70. "Prime Rate" means the annual rate of interest, designated as the U.S. Base Lending Rate as announced from time to time by the Citibank, N.A., as the reference rate then in effect for determining interest rates on U.S. dollar commercial loans;
71. "Real Default Value" means for any Delivery Default Date, 10% of the price determined by application of the Service Commencement Point Price Index or the Service Termination Point Price Index, as the case may be, times the Deficient Quantity on that Delivery Default Date;
72. "Receiver" in relation to the PlainsARROW Customer Access Procedures means the party that is intended to receive a Document;
73. "Regulatory Agency" means the FERC, the Oklahoma Corporation Commission, and/or any Public Utilities Regulatory Agency with appropriate legislative power over the activities or facilities of Salt Plains Storage, LLC;
74. "Request", when used as a noun, means a Customer's request for Service in the form established by Salt Plains setting out the quantity of Gas that Customer wishes to deliver to or receive at the Service Commencement Point, or deliver to or receive at the Service Termination Point, for the period commencing at the next Effective Time. When used as a verb, "Request" means the act of making a request for Service in accordance with Section 3 and the other provisions of the these documents;
75. "Request Time" means the deadline for submitting Requests set out on the Notification Schedule;
76. "Salt Plains" means Salt Plains Storage, LLC, including its successors and permitted assigns;
77. "Salt Plains Software" means the software described in Part A of Attachment "B" of the PlainsARROW™ Customer Access Procedures;
78. "Salt Plains Storage Facility" means the natural Gas storage facility operated by Salt Plains in Grant County in the state of Oklahoma;

79. "Sender" in relation to the PlainsARROW Customer Access Procedures means the party that transmits a Document;
80. "Service" means Firm Storage Service (or FSS) or Short Term Storage Service (or STS) made available pursuant to the Storage Service Documents;
81. "Service Commencement Point" means the location at which the provision of a Service by Salt Plains commences, as set out in the Appendix evidencing the Transaction entered into by the Parties;
82. "Service Commencement Point Price Index" means the pricing index set out in the Appendix evidencing the Transaction entered into by the Parties;
83. "Service Schedule" means the schedule that describes a Service, and includes the Appendix evidencing a Transaction entered into by the Parties;
84. "Service Termination Point" means the location at which the provision of a Service by Salt Plains terminates, as set out in the Appendix evidencing the Transaction entered into by the Parties;
85. "Service Termination Point Price Index" means the pricing index set out in the Appendix evidencing the Transaction entered into by the Parties;
86. "Short Term Storage Service" means STS Service;
87. "Storage Service Documents" means the Storage Services Agreement, Service Schedule FSS, Service Schedule STS, the Appendices evidencing all Transactions binding on the Parties, and PlainsARROW Customer Access Procedures;
88. "STS Service" means a service offered by Salt Plains for delivery or acceptance of Gas at the Service Commencement Point by or on behalf of Customer and/or for delivery or acceptance of Gas at the Service Termination Point by or on behalf of Customer, on the terms and conditions of Service Schedule STS and the Appendix STS evidencing the Transaction in question;
89. "STS Service Charge" means the amount determined pursuant to Section 4.2 of Schedule STS;
90. "STS Service Rate" means the fee for STS Service in the amount stipulated in the Appendix STS evidencing the Transaction in question;
91. "Term" means the period designated for Service under the applicable Appendix evidencing a Transaction between the Parties, subject to extension or earlier termination in accordance with the provisions of the Storage Service Documents;
92. "Therm" means an amount of thermal energy equal to 100,000 British thermal units. Ten therms equal one Decatherm (Dth);
93. "Threshold Amount" has the meaning given in Section 4.1 of Service Schedule FSS;

94. “Total Contract Quantity” is the quantity of Gas stipulated as such on Appendix STS;
95. “Total Storage Demand Charge” means in respect of any FSS Transaction, the sum of the Monthly Storage Demand Charges for that Transaction, as specified in Appendix FSS;
96. “Transaction” means a commercial transaction entered into by Customer and Salt Plains, as evidenced by an Appendix by which they have agreed to be bound or are deemed to be bound by the provisions of the Storage Service Documents;
97. “Transaction Advice” means the information prepared by Salt Plains pursuant to Section 6.1(a) of the PlainsARROW Customer Access Procedures;
98. “Transaction History” means the information prepared by Salt Plains pursuant to Section 6.1(b) of the PlainsARROW Customer Access Procedures;
99. “Transportation Account” means the agreement, pool, number or account on the Connecting Pipeline;
100. “Triggering Event” has the meaning given in Section 8.7;
101. “Withdrawal Commodity Rate” means the rate, expressed in dollars per Decatherm, payable by Customer for withdrawing Gas from the Salt Plains Storage Facility, as stipulated in Appendix FSS;
102. “Withdrawal Demand Charge” means for any Gas Month, the Maximum Daily Withdrawal Quantity times the Withdrawal Demand Rate for that Gas Month; and
103. “Withdrawal Demand Rate” means rate, expressed in dollars per Decatherm per month, payable by Customer for reserving withdrawal service at the Salt Plains Storage Facility for Customer’s exclusive use.

ARTICLE C. TYPES AND CLASSES OF SERVICE

Salt Plains provides two classes of natural Gas storage services for Customers: Firm Storage Service and Short Term Storage Service.

1. FIRM STORAGE SERVICE

Firm Storage Service (“FSS”), is a natural Gas storage service comprised of firm inventory service, firm injection service and firm withdrawal service, subject to the terms and conditions of service set forth in this Statement of Operating Conditions, including the Appendix FSS evidencing a Transaction entered into by the Parties. Parties may contract inventory, firm injection and firm withdrawal service as a “Bundled Profile” or individually as a “Monthly Profile”.

2. SHORT TERM STORAGE SERVICE

Short Term Storage (“STS”) Service, is a natural Gas storage service comprised of inventory service, injection service and withdrawal service, subject to the terms and conditions of service set forth in this Statement of Operating Conditions, including the Appendix STS evidencing a Transaction entered into by the Parties.

ARTICLE D. GENERAL TERMS AND CONDITIONS OF SERVICE

1. AMENDMENTS

- 1.1 If any amendment is made to the transportation tariff of a Connecting Pipeline that has a material adverse effect on the provision of a Service by Salt Plains, then Salt Plains by written notice to Customer, may change the provisions of the Storage Service Documents as reasonably necessary as a result of that amendment to such transportation tariff.

2. ESTABLISHMENT AND OPERATION OF INVENTORY ACCOUNT

- 2.1 Salt Plains will maintain an Inventory Account for Customer to account for all Transactions entered into pursuant to the Storage Service Documents.

At any time when Service has been Confirmed under the Storage Service Documents:

- (a) Quantities of Gas delivered by or on behalf of Customer and accepted by or on behalf of Salt Plains will be added to Customer's Inventory Account; and
- (b) Quantities of Gas delivered by or on behalf of Salt Plains and accepted by or on behalf of Customer will be deducted from Customer's Inventory Account.

3. REQUESTS, NOMINATIONS AND CONFIRMATIONS

- 3.1 Subject to any provisions of the applicable Service Schedule, Customer shall request Service pursuant to a Transaction agreed to by the Parties in accordance with the following procedures:
- (a) On or before the applicable Request Time, Customer must submit to Salt Plains a Request setting out the quantity of Gas that Customer wishes to deliver or receive at the Service Commencement Point or at the Service Termination Point, for the period commencing at the next Nomination Time. No FSS Customer shall, for any Nomination Time, Request any quantity greater than the Maximum Daily Injection Quantity or the Maximum Daily Withdrawal Quantity;
 - (b) After receiving all Requests for a Nomination Time, Salt Plains shall take the following actions:
 - (i) For Requests for FSS Service, Salt Plains will Confirm a Nomination with the Connecting Pipeline in the amount of Customer's Request, subject to reduction in whole or in part due to Curtailment Allowance, the provisions of Section 16, or Section 9; and

- (ii) For Requests for STS Service, Salt Plains will Confirm a Nomination with the Connecting Pipeline in the amount of Customer's Request, subject to reduction in whole or in part due to the exercise by Salt Plains of Flex Discretion, the provisions of Section 16 or Section 9;
 - (c) If Customer's Request has been reduced in whole or in part as described in Section 3.1(b), Salt Plains will use its commercially reasonable efforts to give Customer notice of such reduction prior to the applicable Nomination Time;
 - (d) On or before the Nomination Time, Customer will submit a Nomination for the quantity of Service that Customer indicated in its Request for that Nomination Time;
 - (e) A Request for Service for an Effective Time which is not amended by Customer prior to the next Request Time will be treated as a new Request for Service in the same quantity, submitted at that next Request Time, unless a stop time was stipulated in Customer's Request;
 - (f) If Connecting Pipeline fails to Confirm some or all Customer's Nominations, then Customer's Request shall be treated as curtailed by the Connecting Pipeline to the extent not Confirmed; and
 - (g) Upon receiving the Confirmation from the Connecting Pipeline, Salt Plains and Customer will each be bound in accordance with that Confirmation, on the terms of the Storage Service Documents, and each Party shall have a firm obligation to deliver and accept Gas in accordance with that Confirmation.
- 3.2 The Request Times, the Nomination Times and Effective Times are set out on the Notification Schedule.
- 3.3 Requests may be submitted by means of the PlainsARROW Customer Access Procedures, by telephone or by facsimile, or by any Auction procedure that is currently in use by Salt Plains.
- 3.4 Transfers of Gas between:
- (a) different Inventory Accounts of Customer, if it has more than one; or
 - (b) an Inventory Account of Customer and an Inventory Account of another customer of Salt Plains;
 - (c) are not permitted without the prior written consent of Salt Plains, which Salt Plains may withhold in its sole discretion.
- 3.5 Customer shall be responsible for all matters arising from or ancillary to the purchase, sale and transportation of natural Gas, which occur prior to

the receipt of Gas by Salt Plains from or for the account of Customer or subsequent to the delivery of Gas by Salt Plains to or for the account of Customer. These responsibilities include, without limitation, securing and maintaining all necessary transportation services with the Connecting Pipeline, securing and maintaining all necessary ancillary services, complying with all reporting requirements and payment obligations arising in respect of natural Gas sales proceeds, paying or delivering all royalties and other third party interests, securing and maintaining all required permits and authorizations and paying all taxes (excluding income taxes payable by Salt Plains), levies, and charges associated with the Services provided under the Storage Service Documents.

- 3.6 Customer's ability to Nominate, deliver to, or accept delivery from Salt Plains for Service under this Service Schedule may be limited at any time when Customer is restricted or unable to transport Gas on a Connecting Pipeline for any reason including, without limitation, curtailment in whole or in part by that Connecting Pipeline. Salt Plains shall have no responsibility or liability for any such restrictions or curtailments.

4. REPLACEMENT PRICING REFERENCE

- 4.1 If either the Service Commencement Point Price Index or the Service Termination Point Price Index ceases to exist or to be published, one Party will give notice to the other of that cessation, and the Parties will attempt to agree on a replacement index. If the Parties fail to agree on a replacement index within 30 days of such notice, the Parties agree to submit the selection of a replacement index to arbitration, as described in this Section 4, and to commence such arbitration process immediately upon the expiration of the 30-day period described above.
- 4.2 Each Party shall select one arbitrator within 10 days of the commencement of the arbitration process. Within 10 days thereafter, the two arbitrators selected by the Parties shall jointly select a neutral third arbitrator. The neutral third arbitrator, after receiving the oral or written presentation of the Parties, as determined by the agreement of the Parties or, failing such agreement, the direction of the neutral third arbitrator, shall issue a written decision selecting a replacement index within 30 days after his or her selection. It is the intent of the Parties that the neutral third arbitrator shall (1) form an opinion of the Parties' business purpose in selecting the initial index, and (2) choose a replacement index that most closely replicates that business purpose. All arbitrators shall be experts in natural Gas matters.
- 4.3 Either Party may petition a court of competent jurisdiction to confirm the arbitrator's award and enter judgment accordingly.

5. BILLINGS AND PAYMENTS

- 5.1 Salt Plains will provide an invoice or invoices that include the general information specified in this Section 5 as well as specific information that is required in respect of each Transaction entered into by the Parties.
- 5.2 On or before the 15th day of each month, Salt Plains will invoice Customer by providing written notice of:
- (a) The number of Decatherms of natural Gas delivered to or received by or on behalf of Customer or Salt Plains during the Billing Month at the Service Commencement Point(s) in accordance with each Transaction then entered into by the Parties;
 - (b) The number of Decatherms of natural Gas delivered to or received by or on behalf of Customer or Salt Plains during the Billing Month at the Service Termination Point(s) in accordance with each Transaction then entered into by the Parties;
 - (c) The balance of Customer's Inventory Account(s) throughout the Billing Month, including any transfers permitted by Salt Plains to, from, between or among those accounts;
 - (d) The amount of any adjustment applicable to the Billing Month or any month prior to the Billing Month; and
 - (e) The amount payable to Salt Plains by Customer, or by Salt Plains to Customer, determined in accordance with each Transaction in effect during the Billing Month.
- 5.3 Customer understands and acknowledges that Salt Plains is dependent on the Connecting Pipeline for data on natural Gas delivered or received by Customer at the Service Commencement Point or Service Termination Point. If prior to the 15th of the month Salt Plains has not received Customer data needed to calculate the amount payable by Customer for the Billing Month, Salt Plains may make a reasonable estimate of the amount payable by Customer, based on available data, including Customer's history, and present an invoice based on that estimate. If an invoice based on an estimate is presented and paid, Salt Plains shall make adjustments reflecting Customer's actual data for the Billing Month, including additional charges or credits, on the invoice presented to Customer for the next Billing Month following the receipt by Salt Plains of Customer data needed to so calculate the amount payable by Customer.
- 5.4 (a) The amount payable by Customer to Salt Plains or by Salt Plains to Customer during a Billing Month will be the net sum of the charges determined payable by one Party to the other in accordance with all Transactions in effect during the Billing Month, plus all applicable taxes, levies and charges for which that Party is responsible pursuant to the Storage Service Documents, excluding those amounts which are properly payable by the other Party directly to a taxing authority.

(b) For the purposes of determining the amount payable from time to time to Salt Plains by Customer, or by Salt Plains to Customer, the balance of Customer's Inventory Account(s) will be determined as at the end of the Gas Day, or at the end of the Gas Month, as the case may be.

5.5 Any amount from time to time payable by one Party to the other is due on the later of the 10th day after the day on which Salt Plains gives notice pursuant to Section 5.2 or the 25th day of that month. If that day is not a Business Day, then payment will be due on the next Business Day falling after that day.

5.6 Any amount payable hereunder by one Party to the other, but unpaid when due, will accrue interest at a rate equal to the lesser of the Prime Rate in effect from time to time, plus 3% or the maximum rate permitted under applicable law, compounded annually, calculated from the date payment was due until the date payment is made in full, both before and after judgment.

5.7 If the Parties discover any overcharge or undercharge after the invoice has been paid, the Party who has underpaid or who has been overpaid will pay to the other the amount overpaid or underpaid, as the case may be, within 30 days after that amount has been determined. The payment will include interest from the date of overpayment or underpayment, calculated in accordance with Section 5.6, and any applicable taxes. No adjustment will be made beyond a period of 24 months following the date of an overpayment or underpayment unless that adjustment is made necessary by measurement or allocation adjustments instigated by a Connecting Pipeline, in which case, the 24 month limitation will not apply.

5.8 Any payment required to be made pursuant to the Storage Service Documents will be paid by electronic transfer of funds to the account of the recipient Party identified in the Notification Schedule, or if no account is so identified, by delivery of certified cheque or money order to the recipient Party at its address stated in the Notification Schedule.

6. TERM END ADJUSTMENT OF STORED INVENTORY

6.1 In respect of each Transaction entered into under the Storage Service Documents, Customer will Request Service in a manner which in its reasonable estimation, will result in the balance of its Inventory Account for such Transaction equaling zero at the end of the Term of that Transaction.

6.2 If in respect of a Transaction entered into under the Storage Service Documents, Customer's Inventory Account has a positive or negative balance at the end of the Term of that Transaction, the following provisions will have effect:

- (a) At the sole option of Salt Plains, Customer shall purchase from Salt Plains a quantity of Gas equal to that negative balance in Customer's Inventory Account at a price equal to 110% of the average price determined by reference to the Service Termination Point Price Index for each day of the Gas Month next following the last Gas Day of the Term.
- (b) Salt Plains may, at its option, purchase from Customer a quantity of Gas equal to that positive balance in Customer's Inventory Account at a price equal to 90% of the average price determined by reference to the Service Commencement Point Price Index for each day of the Gas Month next following the last Gas Day of the Term.
- (c) Upon Customer or Salt Plains, as the case may be, making payment of the amount determined pursuant to (a) or (b) of this Section 6.2 the balance of Customer's Inventory Account in respect of that Transaction shall be adjusted to zero.
- (d) As an alternative to the payments provided in (a), (b), and (c) of this Section 6.2, and at the sole option of Salt Plains in response to a written request from Customer, the Term of the Transaction in question may be extended by a period specified by Salt Plains so that Customer may submit additional interruptible Requests to deliver or receive, as the case may be, the quantity of gas needed to bring Customer's Inventory Balance Account to zero.

7. BREACH

7.1 If Customer fails to pay in full any amount owing to Salt Plains pursuant to the Storage Service Documents when that amount becomes payable, provided the amount or matter in question is not the subject of a good faith dispute between the parties, or if Customer fails to comply with any material provision of the Storage Service Documents (the "Default"), then in addition to all other remedies available to it pursuant to the Storage Service Documents or at law and in equity, Salt Plains may in its sole discretion:

- (a) refuse to accept any further deliveries of natural Gas from or on behalf of Customer pursuant to all or any Transactions;
- (b) refuse to deliver natural Gas to or on behalf of Customer pursuant to all or any Transactions; and/or
- (c) set off any amount owing by Salt Plains to Customer to any Transaction(s) against amounts otherwise owing by Customer to Salt Plains pursuant to any other Transaction(s);

until Customer corrects the Default in full; provided that, before Salt Plains may exercise its remedies under this Section 7.1 it must first give Customer 2 Business Days prior written notice of its intention to do so,

setting out the details of the alleged breach by Customer. If before the end of that notice period Customer has corrected the Default in full and given notice to Salt Plains advising it thereof, then Salt Plains' notice will be treated as withdrawn.

8. LIABILITY, LIQUIDATED DAMAGES AND EARLY TERMINATION DAMAGES

- 8.1 LIMITATION OF LIABILITY AND DISCLAIMER OF EXPRESS OR IMPLIED WARRANTIES. It is the intent of the Parties to fully and completely state the rights and obligations of the Parties with regard to the Services provided under this Base Contract. It is the intent of the Parties to specifically disclaim all warranties, and indemnities, express or implied, written or otherwise, other than those expressly set forth in this Statement of Operating Conditions.
- 8.2 Whenever a provision is made in a Service Schedule for a Party to pay Liquidated Damages, Early Termination Damages, or both, to the other Party, the applicable provisions of this Section 8 shall apply, and the conflicting provisions of Section 7 will not apply.
- 8.3 The provisions set out in this Section 8 providing for payment of Liquidated Damages and Early Termination Damages shall settle completely any and all claims which could be advanced by the Non-Defaulting Party against the Defaulting Party on account of a Delivery Default or a Triggering Event, or both, and each Party hereby waives any other remedy it may have at law or in equity in respect of every such Delivery Default or Triggering Event, no matter how framed, whether in contract or in tort, including negligence. Those provisions of this Section will have effect whether or not the Non-Defaulting Party exercises the option to require payment of Liquidated Damages under Section 8.4, provided that, the payment of Liquidated Damages shall not excuse the payment by Customer to Salt Plains or by Salt Plains to Customer of the STS Service Charges stated in the Appendix STS evidencing the Transaction in question, or the fees and charges set forth in Service Schedule FSS and in the Appendix FSS evidencing the Transaction in question, as the case may be.
- 8.4 If during any Gas Month a Delivery Default shall occur, the Non-Defaulting Party shall have the option to require the Defaulting Party to pay Liquidated Damages pursuant to this Section 8. That option may be exercised by notice in writing given to the Defaulting Party, in the case of a FSS Transaction, at any time up to but not after the last day of the Gas Month next following the Gas Month in which the Delivery Default occurred, and in the case of an STS Transaction, at any time up to but not after the 30th Gas Day following the end of the Term.
- 8.5 Unless the Parties mutually agree to the contrary, Liquidated Damages shall be calculated and paid in accordance with the following provisions:

- (a) If a Delivery Default arises from the failure of the Defaulting Party to deliver Gas at the Service Commencement Point, then Liquidated Damages shall be paid by the Defaulting Party in an amount equal to the product of the Deficient Quantity and 110% of the price determined by reference to the Service Commencement Point Price Index for the Delivery Default Date.
- (b) If a Delivery Default arises from the failure of the Defaulting Party to accept Gas at the Service Commencement Point, then Liquidated Damages shall be paid by the Non-Defaulting Party in an amount equal to the product of the Deficient Quantity and 90% of the price determined by reference to the Service Commencement Point Price Index for the Delivery Default Date.
- (c) If a Delivery Default arises from the failure of the Defaulting Party to deliver Gas at the Service Termination Point, then Liquidated Damages shall be paid by the Defaulting Party in an amount equal to the product of the Deficient Quantity and 110% of the price determined by reference to the Service Termination Point Price Index for the Delivery Default Date.
- (d) If a Delivery Default arises from the failure of the Defaulting Party to accept Gas at the Service Termination Point, then the Liquidated Damages shall be paid by the Non-Defaulting Party in an amount equal to the product of the Deficient Quantity and 90% of the price determined by reference to the Service Termination Point Price Index for the Delivery Default Date.
- (e) If during any Gas Month, a Delivery Default occurs on more than one Gas Day, then Liquidated Damages for each such Delivery Default shall be determined according to the above provisions and the obligation to pay Liquidated Damages owed by one Party to the other shall be netted against the amount, if any, otherwise payable to that Party by the other for that Gas Month.
- (f) The net amount of Liquidated Damages owing pursuant to the foregoing shall be determined and paid for each Gas Month in accordance with the provisions of Section 5.

8.6 Upon payment of Liquidated Damages as outlined in Section 8.5, Customer's Inventory Account shall be adjusted as follows:

- (a) If the Delivery Default arose from the failure of Customer to deliver Gas or from the failure of Salt Plains to accept Gas, then Customer's Inventory Account shall be increased by an amount equal to the Deficient Quantity.
- (b) If the Delivery Default arose from the failure of Salt Plains to deliver Gas or from the failure of Customer to accept Gas, then

Customer's Inventory Account shall be decreased by an amount equal to the Deficient Quantity.

8.7 "Early Termination Date" means, in the case of a Triggering Event listed in Section 8.8(d), the date upon which that event occurred, and in the case of all other Triggering Events, the date determined by the Non-Defaulting Party by written notice to the Defaulting Party given no later than 10 days following the discovery by the Non-Defaulting Party of a Triggering Event. If an Early Termination Date shall occur, the Defaulting Party shall pay to the Non-Defaulting Party Early Termination Damages calculated in accordance with this Section 8.

8.8 "Triggering Event" means:

- (a) The failure by the Defaulting Party to make, when due, any payment required under this Agreement if such failure is not remedied within 2 Business Days after written notice of such failure is given to the Defaulting Party, provided the payment is not the subject of a good faith dispute;
- (b) The failure by the Defaulting Party to perform any material obligation required to be performed by it pursuant to the Storage Service Documents (other than its obligation to make any payment or obligation which is otherwise specifically covered in this Section 8.8 as a separate Triggering Event), where such failure is not excused by the applicable provisions of the Storage Service Documents and not cured within 5 Business Days after written notice thereof to the Defaulting Party;
- (c) The failure by Customer, within 4 Business Days of being required to do so by notice in writing given by Salt Plains, to provide Financial Assurance or Financial Statements pursuant to Section 14 to or on behalf of Salt Plains, provided that Salt Plains may only give such notice if it determines in its sole reasonable judgment that the ability of Customer to make payments due or to become due to Salt Plains has, as a result of a material adverse change in financial condition, become impaired or commercially unsatisfactory, or if Customer exceeds or is about to exceed the credit limit then in effect, as established from time to time by Salt Plains;
- (d) The Defaulting Party
 - (i) Makes an assignment or any general arrangement for the benefit of creditors;

- (ii) Files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding under any bankruptcy or similar law, including, but not limited to, the provisions of Chapter 7 or Chapter 11 of Title 11 of the United States Code, or has such petition filed against it and such proceeding remains undismissed for 60 days;
- (iii) Otherwise becomes bankrupt or insolvent (however evidenced); or
- (iv) Is unable to pay its debts as they become due.

8.9 If an Early Termination Date occurs, all Transactions then entered into by the Parties shall terminate immediately and the Non-Defaulting Party shall calculate the Early Termination Damages in respect of each Transaction so terminated, in accordance with the following provisions:

- (a) The net present value of the amounts the Non-Defaulting Party would from time to time pay or receive from, as a case may be, a third party on terms substantially the same as the Transaction in question and calculated for a period of time equal to the remaining period of the Transaction, commencing on the Early Termination Date, plus the amount of its reasonable out-of-pocket expenses and reasonable counsel fees, minus the net present value of the amounts of the Non-Defaulting Party would from time to time have paid to, or received from, as a case may be, the Defaulting Party pursuant to the terms of the Transaction had it not terminated, and calculated for the period of time equal to the remaining period of the Transaction, commencing on the Early Termination Date.
- (b) The Non-Defaulting Party may calculate a replacement transaction price for the purchase or sale of Gas for the purposes of Section 8.9(a), based on the settlement prices of the New York Mercantile Exchange Gas futures contracts, adjusted for the basis differential between Henry Hub and the Service Commencement Point or Service Termination Point, as the case may be; or, the arithmetic average of bona fide prices quoted for a replacement transaction by at least 3 non-affiliated, independent, recognized dealers active in the energy swap markets in Kansas, Oklahoma or Texas.
- (c) The net present value for the Early Termination Damages will be calculated by using a discount rate equal to the Prime Rate in effect as of the Early Termination Date, plus 3%.
- (d) Notwithstanding the preceding provisions, if the Early Termination Damages, as calculated pursuant to this Section 8.9, are less than zero, then they will be deemed to be zero.

- (e) For greater certainty, Salt Plains may, at its option, apply the positive balance, if any, in Customer's Inventory Account on the Early Termination Date, that is attributable to the Transactions terminated by it, as credit against any amount owed pursuant to this Section 8 by Customer to Salt Plains. The value of such credit shall be based on a price equal to 90% of the price determined by reference to Service Commencement Point Price Index for the Early Termination Date.
- 8.10 Upon payment in full by the Defaulting Party of the Early Termination Damages, the Transactions between the Parties that have been terminated by the Non-Defaulting Party, shall be deemed fully and entirely performed, the Storage Service Documents between Salt Plains and Customer with regard to only those Transactions shall be terminated and the Parties shall be wholly and finally released from all further liability to each other in respect thereof, except as otherwise expressly provided in the Storage Service Documents.
- 8.11 Notwithstanding any other provision of this Base Contract to the contrary, whenever Salt Plains deals with any third party at the request of or pursuant to instructions given by Customer:
- (a) Customer represents and warrants to Salt Plains that Customer has the power and authority to make such requests and issue such instructions, and all actions or omissions by Salt Plains hereunder will be in reliance on such representations and warranties by Customer.
 - (b) Salt Plains shall not, by reason of any act or omission hereunder, be deemed to have entered into a contractual or other relationship with any third party and no third party shall by reason of any act or omission of Salt Plains become a beneficiary hereunder or acquire any rights or claims against Salt Plains.
 - (c) No act or omission by Salt Plains hereunder, whether in accordance with or in contravention of any instructions given or requests made by Customer, shall give rise to any liability of Salt Plains to any third party.
 - (d) The sole liability of Salt Plains for any claims, liability, losses, damages, costs and expenses (including, but not limited to attorney's fees and cost) directly or indirectly arising out of, resulting from, relating to or caused by the Transactions entered into by the Parties under the Storage Service Documents shall be borne by Customer, and any such liability shall be limited to the amounts calculated pursuant to Section 8 of these General Terms and Conditions.
 - (e) Customer shall be solely liable for and shall fully defend and indemnify Salt Plains and hold Salt Plains harmless from and

against any and all claims, liability, losses, damages, costs and expenses (including but not limited to attorney's fees and costs) that Salt Plains becomes liable for or incurs directly or indirectly arising out of, resulting from, relating to or caused by any act or omission of Salt Plains in reliance on Customer's request or instructions in respect of such third party; and such indemnity shall be a complete indemnity and shall not be limited to the amount calculated in accordance with the foregoing provisions of this Section 8.

- (f) The indemnifications set forth herein are intended to preclude claims against Salt Plains by any person or entity other than Customer with respect to the Transactions entered into by the Parties under the Storage Service Documents, but nothing herein is intended to excuse fraud, criminal acts, or willful misconduct by Salt Plains.
- (g) If Customer is relying on a third party to deliver or accept delivery of Gas, and such third party fails for any reason to do so, Customer's performance under the Storage Service Documents is not excused by reason of the third party's act or omission, and Customer will be fully subject to the provisions of Sections 7 and 8 for any failure to meet its obligations under the Storage Service Documents.

9. *FORCE MAJEURE*

- 9.1 Except as provided in Section 8 of PlainsARROW Customer Access Procedures, the expression "*Force Majeure*" means a restraint on the performance by Salt Plains of one or more of its obligations pursuant to any Transaction entered into pursuant to Schedule FSS or Schedule STS ("Obligation" or "Obligations") resulting from a cause not within its control and which, by the exercise of due diligence and planning, it was unable to prevent. In this Section 9, the expression "due diligence and planning," means that the industry standards and practices generally prevailing among operators of similar natural Gas storage facilities in North America have been adhered to.
- 9.2 If and for so long as Salt Plains is unable due to *Force Majeure* to fully perform its Obligations in response to a Request for injection or withdrawal of Gas duly made by Customer under the Storage Service Documents, the Injection Demand Charge, Withdrawal Demand Charge, or both, as the case may be, or the STS Service Charge (if calculated based on Total Contract Quantity), as the case may be, shall be reduced proportionally having regard to the extent to which Salt Plains is unable to comply with any such Request.
- 9.3 If Salt Plains is rendered unable to perform or is restrained by reason of a *Force Majeure* from performing any Obligation in whole or in part, it may claim suspension of that Obligation to the extent that it is so restrained and for the duration of that *Force Majeure*, provided that:

- (a) Salt Plains gives written notice to Customer, setting out the details of the *Force Majeure* as soon as practicable after the commencement of the *Force Majeure*;
- (b) Salt Plains takes all reasonable measures that are commercially reasonable in the circumstances to mitigate the cause of and effect of the *Force Majeure*;
- (c) Salt Plains recommences performance of the Obligation to the extent commercially reasonable during the cessation of and upon the conclusion of the *Force Majeure*; and
- (d) as soon as practicable after the conclusion of the *Force Majeure*, Salt Plains gives notice to Customer of the date of such conclusion.

9.4 A strike, lockout or other industrial disturbance, including any imminent terrorist attack as declared by applicable Federal or State government agencies or departments, shall be considered an event of *Force Majeure*; however, the settlement of such an event involving the Salt Plains Storage Facility or Salt Plains personnel shall be entirely within the discretion of Salt Plains.

9.5 The Term in effect pursuant to any Transaction binding upon the Parties will not be extended to compensate for the reduction or suspension of Obligations during the *Force Majeure*.

10. NOTICES

10.1 Whenever provision is made in the Storage Service Documents for giving notice by one Party to the other, if no particular manner in which it is to be given is specified, such notice may be given orally or in writing. If oral notice is given, the notifying Party shall, if required by the notified Party, produce a voice recording clearly evidencing such notice. Written notice may be delivered by hand or transmitted by fax in accordance with the particulars set forth on the Notification Schedule. A Party may change its particulars set forth on the Notification Schedule by giving written notice thereof in accordance with the Storage Service Documents.

10.2 Except as otherwise expressly provided, any notice given in accordance with the foregoing provisions will be treated as received at the time of receipt.

11. TAX MATTERS

11.1 Salt Plains and Customer acknowledge that notwithstanding any other provision of the Storage Service Documents, the amount of the consideration set out in any of the Storage Service Documents to be paid

by one Party to the other for the supply of any goods or services is exclusive of all applicable taxes.

11.2 If any federal, state, city, county, other governmental entity, or regulatory agency imposes a franchise fee or similar tax, charge, levy, or other fee on Salt Plains in connection with the Salt Plains Storage Facility or its operation, the Parties agree that Salt Plains, at its sole discretion may require Customer to pay a proportionate share of such fees, and that the amount of the consideration set out in any of the Storage Service Documents to be paid by one Party to the other Party for the supply of any goods or services is exclusive of any and all such fees.

11.3 The Parties acknowledge that some local governments have imposed a utility users tax on operations deemed to be public utilities, and that these local governments require the deemed utility to bill Customers within the government's jurisdiction for the taxes due, collect the taxes from Customers, and pay the collected taxes to the local government. If any city, county, or other local governmental entity imposes a utility users tax or similar fee, charge or levy on Salt Plains in connection with the Salt Plains Storage Facility or its operation, the Parties agree that Salt Plains may require Customer to pay any such taxes assessed on Customer's use of Salt Plains' facilities, and that the amount of the consideration set out in any of the Storage Service Documents to be paid by one Party to the other Party for the supply of any goods or services is exclusive of any and all utility users taxes.

12. POSSESSION AND WARRANTY

12.1 Possession of Gas will pass to Salt Plains when it is delivered to Salt Plains at the Service Commencement Point by or on behalf of Customer; and possession of Gas will pass to Customer or its nominee when it is delivered to or on behalf of Customer at the Service Termination Point by Salt Plains. The title and risk of loss for all Gas injected into, stored in, and withdrawn from storage shall remain with Customer, and Salt Plains shall not be liable to Customer for any loss of Gas, except as may be occasioned due to the intentional or negligent acts or omissions by Salt Plains. Any loss of Gas, unless due to the intentional or negligent act or omissions of Salt Plains, shall be shared proportionately by all Customers, based on each Customer's Storage Inventory Account, as applicable.

12.2 Customer represents and warrants to Salt Plains that it has the right to give possession of such Gas to Salt Plains pursuant to the terms of the Storage Service Documents, free from all adverse liens, taxes, charges, third party interests and other encumbrances whatsoever.

- 12.3 Salt Plains represents and warrants to Customer that it has the right to give possession of such Gas to Customer pursuant to the terms of the Storage Service Documents, free from all adverse liens, taxes, charges, third party interests and other encumbrances whatsoever, other than those for which Customer bears responsibility pursuant to the provisions of the Storage Service Documents.
- 12.4 Salt Plains shall have the right to remove constituents other than methane from Gas delivered to it by Customer and Salt Plains shall have no duty to account for the constituents so removed nor to make any payment to Customer on account thereof; provided that nothing in this Section 12.4 will permit Salt Plains to return to Customer a thermal quantity of Gas that is less than that given Salt Plains by Customer, less any applicable fuel/loss deduction, nor shall this Section 12.4 permit Salt Plains to return to Customer Gas that does not meet the quality specifications that Salt Plains and Customer have agreed to.
- 12.5 With respect to Gas to be stored by Salt Plains under other than NGPA Section 311(a)(2) authority, Customer represents and warrants to Salt Plains (i) that all such Gas will have been produced (a) within the State of Oklahoma and will not have been commingled with other Gas which is or may be sold, consumed, transported or otherwise utilized in interstate commerce in a manner which would subject Salt Plains to the jurisdiction of the Federal Energy Regulatory Commission or any successor authority under the Natural Gas Act of 1938 or (b) outside of the state of Oklahoma with any transportation on an interstate pipeline having been conducted under Section 311 (a)(1) of the Natural Gas Policy Act and (ii) that, following return of the Gas by Salt Plains, none of the Gas will be sold, consumed, transported or otherwise utilized outside the State of Oklahoma in a manner which would subject Salt Plains to the jurisdiction of the Federal Energy Regulatory Commission or any successor authority under the Natural Gas Act of 1938.

13. APPLICATION FOR SERVICE AND CONTRACTS

- 13.1 To apply for service, a customer must execute a Storage Services Agreement, enter into a Transaction evidenced by an Appendix applicable to the type of service to be taken, either Appendix FSS or Appendix STS, and establish credit in compliance with Section 14. From time to time Salt Plains may offer the use of an Auction service to facilitate the sale of storage services.
- 13.2 All contracts for natural Gas storage service by Salt Plains shall be subject to the following terms and conditions:
- (a) Requirement – A Storage Service Agreement duly executed by the Parties complete with the applicable Appendix setting forth the particulars of a Transaction will be required as a condition precedent to service, subject to the terms of such Appendix.

- (b) Regulatory Exemption – In the event that any governmental entity (including a court) issues an order or rule which would cause Salt Plains to become subject to the jurisdiction of the Federal Energy Regulatory Commission under the Natural Gas Act, 15 USCA §717, et seq., if a contract entered into by Salt Plains remains in effect, Salt Plains may terminate such a contract and the provisions of Section 6 hereof pertaining to term end inventory shall apply without adjustment of the Service Termination Point Price Index.

13.3 In the event of a conflict between the provisions of this Statement of Operating Conditions and the provisions of any executed Storage Services Agreement and/or Transaction applicable to Section 311(a)(2) service, the provisions of this Statement of Operating Conditions shall prevail, except that Salt Plains may seek specific regulatory approval for such executed Storage Services Agreement and/or Transaction, which, if obtained, shall cause the provisions of such executed Storage Services Agreement and/or Transaction to prevail.

14. ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT

14.1 All Customers will be required to maintain an Acceptable Credit Rating or to provide Salt Plains with Financial Assurances, as provided in this Section 14.

14.2 If Customer does not have an Acceptable Credit Rating, Customer shall provide Salt Plains with Financial Assurances in accordance with Section 14.3.

14.3 WAIVER OF FINANCIAL ASSURANCES

- (a) If Customer establishes to Salt Plains' reasonable satisfaction that it has an Acceptable Credit Rating and so long thereafter as Customer maintains an Acceptable Credit Rating, Salt Plains shall not require Customer to provide it with Financial Assurances.
- (b) If Customer is not required by Salt Plains to provide Financial Assurances pursuant to Section 14.3(a), Customer shall provide Salt Plains with:
 - (i) Audited consolidated Financial Statements within 120 days after the end of each fiscal year of Customer, prepared in accordance with generally accepted accounting principles; and
 - (ii) Unaudited consolidated Financial Statements within 90 days after the end of each fiscal quarter of Customer, prepared in accordance with generally accepted accounting principles; and

- (iii) Immediate notice of any amendment, change or modification to its Credit Rating, its Financial Statements or of any material adverse change in the financial position of Customer.
- (c) If Customer does not maintain an Acceptable Credit Rating, then within 5 days of the reduction of its Credit Rating Customer shall provide Salt Plains with the Financial Assurances as set forth in Section 14.4

14.4 FINANCIAL ASSURANCES - LETTER OF CREDIT OR GUARANTEE BY OTHER COMPANY

- (a) Where Customer does not have or does not maintain an Acceptable Credit Rating, Customer shall provide Salt Plains with one or more of the Financial Assurances, at the option of Salt Plains, in an acceptable form as set forth in Sections 3.2, 3.3 and 3.4. If a Customer with an Acceptable Credit Rating is downgraded to a level lower than an Acceptable Credit Rating, and no Transactions are then pending between the Parties, Salt Plains will not require Customer to provide Financial Assurances unless and until Customer desires to enter into a Transaction.
- (b) Customer shall provide to Salt Plains, to secure its obligation to Salt Plains pursuant to the Storage Service Documents, the following Letter of Credit:
 - (i) Upon entering into any Transaction under the Storage Service Documents and on or before January 1st of each year for which the Storage Service Documents are in effect, unless otherwise specified by Salt Plains, a Letter of Credit in an amount equal to the Total Storage Demand Charge specified in Appendix FSS.
 - (ii) For each Transaction entered into by the Parties for STS Service, a Letter of Credit in an amount equal to the value of the Transaction under any reasonable set of assumptions, plus 120 days as determined by Salt Plains in its sole and absolute discretion.
 - (iii) Each Letter Of Credit shall be in effect for 1 year or for the Term of the Transaction plus 120 days, whichever is lesser. If the Term of the Transaction plus 120 days is greater than 1 year, Customer shall ensure that its obligation to Salt Plains is secured continuously, and accordingly shall provide Salt Plains with a replacement Letter of Credit no later than 120 days prior to the expiration of the then-effective Letter of Credit. Salt Plains will return the expiring Letter of Credit to Customer within 5 days of the date of the Replacement Letter of Credit becomes effective.

- (iv) Each Letter of Credit shall be in form and substance satisfactory to Salt Plains, and without limiting the generality of the foregoing shall be issued by a financial institution acceptable to Salt Plains and shall be irrevocable; shall provide for partial drawdowns; and shall contain the terms and conditions set forth in Sample Form E.
 - (v) In addition to all other remedies available to Salt Plains at law or in equity, if Customer fails to provide a replacement Letter of Credit in accordance with this Section 14.4(a), Salt Plains may draw upon the expiring Letter of Credit to the full amount thereof and apply the funds so drawn in payment in whole or in part of the obligations of Customer under the Storage Service Documents.
- (c) Customer shall provide to Salt Plains, to secure its obligation to Salt Plains pursuant to the Storage Service Documents, a Guarantee granted to Salt Plains by another company (the “Guarantor”) with an Acceptable Credit Rating. The Guarantee shall be in a form as set forth in Sample Form F and the provisions of Sections 14.3 and 14.4 hereof shall apply mutatis mutandis to the Guarantor as if the Guarantor were Customer.
- (d) If requested by Customer, Salt Plains may accept other forms of Financial Assurances to secure Customer's obligations under the Storage Service Documents, provided that Salt Plains may reject or accept such other forms of Financial Assurances in its sole and absolute discretion.
- (e) Customer’s obligation to maintain an Acceptable Credit Rating or to provide Financial Assurances shall continue for so long as the Parties are bound by the Storage Services Agreement and all Transactions entered into thereunder. This obligation shall terminate when Customer has performed or satisfied all of its obligations under the Storage Service Documents. Upon the termination of the Storage Services Agreement, Salt Plains shall return to Customer, if applicable:
- (i) The Letter of Credit and funds held by Salt Plains as security pursuant to Section 14.4(b) then in its possession but only to the extent it has not then applied such funds pursuant to Section 14.5 to the debts, expenses, costs, assessments and liabilities payable by Customer to Salt Plains pursuant to the provisions of the Storage Service Documents;
 - (ii) The Guarantee held by Salt Plains pursuant to Section 14.4(c); or

- (iii) Any security accepted by Salt Plains pursuant to Section 14.4(d).

14.5 FAILURE TO MEET OBLIGATIONS

- (a) If Customer fails to pay in full any amount owing to Salt Plains within the time specified pursuant to the Storage Service Documents, then, in addition to the rights Salt Plains has pursuant to the provisions of the Storage Service Documents and all other remedies available to Salt Plains at law or in equity, Salt Plains may take one or more of the following actions:
 - (i) Draw upon the Letter of Credit and funds held by Salt Plains as security pursuant to Section 14.4(b) and apply the funds so drawn to pay any damages, debts, expenses, costs, assessments or liabilities of any nature whatsoever, including interest on unpaid amounts, payable by Customer to Salt Plains pursuant to the provisions of the Storage Service Documents;
 - (ii) Demand payment from the Guarantor pursuant to the Guarantee granted under Section 14.4(c); or
 - (iii) Realize on any security accepted by Salt Plains pursuant to Section 14.4(d).

14.6 NOTICES

- (a) Any notice required or permitted to be given by one Party to another pursuant to this Section 14 shall be given in writing and may be delivered by hand or transmitted by facsimile addressed in accordance with the particulars for notices set forth in the Storage Service Documents.

15. GAS QUALITY AND MEASUREMENT OF SERVICE

- 15.1 Except as otherwise provided below, all natural Gas delivered to Salt Plains and all natural gas delivered by Salt Plains shall conform to the quality specifications of the Connecting Pipeline at the point of delivery.
- 15.2 Salt Plains may agree to accept natural Gas, which differs from the quality specifications set forth above. The acceptance of non-conforming Gas shall not act as a continuing or future waiver of the quality specifications in this Section 15, nor require Salt Plains to receive Gas of similar nonconforming quality in the future.

- 15.3 In the case of failure of the Gas to conform to any of the quality specifications the Gas may be shut-off and notification to Customer will occur immediately after the fact. Salt Plains shall not be liable to Customer for any loss, damage or harm suffered by Customer as a direct or indirect result of such shut-off. Failure by either Salt Plains or Customer to tender deliveries that conform to any of the applicable quality specifications shall not be construed to eliminate, or limit in any manner, the rights and obligations existing under any other provisions of the executed Storage Service Agreement.
- 15.4 Salt Plains expressly notifies Customer that it does not odorize the Gas delivered hereunder.
- 15.5 Salt Plains will accept and deliver Customers' Gas at the prevailing pressure of the Connecting Pipeline system, provided that the pressure is no greater than 640 psi and no lower than 500 psi. Salt Plains may, in its sole discretion, accept and deliver Gas at a pressure level above 640 psi or below 500 psi.
- 15.6 Natural Gas delivered by one Party to the other hereunder shall be measured as to volume and energy by the Connecting Pipeline, and shall be expressed to Customer and Salt Plains as a scheduled volume on that Connecting Pipeline. The Parties shall accept such measurement and any adjustments thereof for all purposes, and all energy to volume and volume to energy estimates or conversions made for any purpose hereunder shall be calculated in accordance with that Connecting Pipelines' approved operating procedures.

16. CONTINUITY OF SERVICE; ALLOCATION OF CAPACITY

- 16.1 In respect of Requests for Service commencing at any of the first three Effective Times of any Gas Day, Salt Plains shall give the highest priority to Requests for FSS Service, which may require previously accepted Requests for STS Service for those Effective Times to be reduced or rejected. If so required, Salt Plains shall reduce or reject such previously accepted Requests for STS Service in the reverse priority to that set out in Section 16. In respect of any Request for Service commencing at the last Effective Time of any Gas Day, Salt Plains shall not reduce or reject such previously accepted Requests for STS Service.
- 16.2 Salt Plains will queue all Requests for STS Service and will provide STS Service to Customers according to the following priority levels:
- (a) First priority level: to Requests for STS Service in the opposite direction to the net facility physical flow for that Gas Day.
 - (b) Second priority level: to Requests from STS Service Customers in respect of whom Salt Plains has no Flex Discretion or its Flex Quantity has been exhausted and to Gas purchases and sales made to efficiently manage operations of the Salt Plains Storage Facility.

(c) Third priority level: to Requests for STS Service for a quantity that exceeds the remaining Flex Quantity of Salt Plains for the Transaction in question. Salt Plains may exhaust its remaining Flex Quantity for that Transaction and not fulfill Customer's Request to that extent. The remaining quantity of the Request will be assigned the Second priority level. The assignments of Requests to this Third priority level and the proration of remaining amount of Service among remaining unserved Requests will be recalculated whenever Requests are reassigned to the Second priority level as described in this paragraph.

(d) Fourth priority level: to all other Requests for STS Service

16.3 If at any time, injection or withdrawal capacity at the Salt Plains Storage Facility is insufficient to satisfy all Requests assigned the Third or Fourth priority levels, then within each priority level the quantity of each Request will be reduced in proportion to the capacity available to that priority level divided by the total quantity of Requests for that Gas Day assigned to that same priority level.

17. MISCELLANEOUS

17.1 Customer may not assign the Storage Service Documents, nor any interest therein, without the prior written consent of Salt Plains, which consent shall not be unreasonably withheld. Customer will not be relieved of any of its obligations under the Storage Service Documents, unless and until Salt Plains expressly consents thereto by notice in writing signed by a duly authorized officer. The Storage Service Documents shall bind and enure to the benefit of the successors and permitted assigns of Customer.

17.2 Without limiting the generality in this section, if Salt Plains has an interest in Customer's gas, Customer may pledge or hypothecate any interest given it pursuant to the Storage Service Documents as security for its indebtedness, but such pledge or hypothecation shall be subsequent in interest to the interest of Salt Plains and shall not serve to amend the provisions of the Storage Service Documents.

17.3 The provisions of the Storage Service Documents shall not restrain a Party from assigning, transferring or granting any interest in its rights hereunder to an Affiliate; provided that the assigning Party shall not be relieved of its obligations hereunder unless and until it obtains the express approval of the other Party. Upon the approval of the applicable Regulatory Agency, Salt Plains may assign all its rights and obligations hereunder to an Affiliate which succeeds to all or substantially all of its interests in the Salt Plains Storage Facility or any business unit or portion thereof.

17.4 The Storage Service Documents set forth the full and complete understanding of the Parties in respect of the Services to be provided. Any prior or collateral agreement, whether expressed or implied pertaining to

the subject matter hereof is void and of no further force or effect. Any waiver by one Party of the nonperformance by the other of any obligation or duty owed under the Storage Service Documents will not constitute a waiver of any future nonperformance by that Party of that duty or obligation.

- 17.5 The Storage Service Documents will be governed by and interpreted in accordance with the laws in force in the State of Oklahoma without regard for the choice of law provisions thereof; and the Parties irrevocably submit to the courts having jurisdiction in the State of Oklahoma. The Storage Service Documents and the rights and obligations of the Parties are subject to all present and future laws, rules, regulations, and orders having application enacted by any legislative body having jurisdiction or other duly constituted governmental authority.
 - 17.6 The headings used throughout the Storage Service Documents are inserted for reference purposes only and are not to be considered or taken into account in construing any terms or provision nor treated as in any way qualifying, modifying or explaining any term or provision.
 - 17.7 Any provision of the Storage Service Documents which is found in whole or in part to be illegal or unenforceable will be treated as not having been written and the remainder of the Storage Service Documents will remain fully enforceable.
 - 17.8 In interpreting the Storage Service Documents, words in the singular will be read and construed in the plural and words in the plural will be read and construed in the singular, where the context so requires.
 - 17.9 Notwithstanding the provisions of this Statement of Operating Conditions, by entering into the Storage Service Documents, Customer does not acquire any right or title to or interest in the Salt Plains Storage Facility.
 - 17.10 The Storage Service Documents shall be kept confidential by the parties, except to the extent that any information must be disclosed to a third party required by law, for either party's financial needs, or for the purpose of effectuating the Storage Service Document. Notwithstanding the provisions of this Section 17.10, Salt Plains shall be at liberty to release to the Regulatory Agency, when so directed by the Regulatory Agency or its staff, any and all details concerning the provision of Service to Customer, including without limitation, the details of any Transaction entered into between Customer and Salt Plains and the particulars of Customer's Inventory Account. Salt Plains shall take all reasonable steps to ensure that the Regulatory Agency treats Customer's Confidential Information as commercially sensitive and confidential.
 - 17.11 The payment provisions of the Storage Service Documents will continue past the end of the term of the Storage Service Documents for a period of two years.
18. DISPUTE RESOLUTION.

- 18.1 In the event of any disagreement between the Parties as to any matter arising from or related to any Transaction undertaken pursuant to these Operating Procedures, other than a matter arising under Section 4 of the Base Contract, either Party may provide written notice to the other Party of the existence of the disagreement or dispute. If the Parties are unable to resolve the disagreement through good faith negotiations within 30 Days after the issuance of the notice, the matter shall be referred to and determined by arbitration.
- 18.2 Any such arbitration shall be conducted in Oklahoma City, Oklahoma, in accordance with the Commercial Rules of the American Arbitration Association (but not administered by the American Arbitration Association), subject to the following protocols: Within fifteen Days of the date upon which arbitration of any matter has been requested in writing by one Party, each Party shall name its choice of one arbitrator who has accepted the appointment. Within ten Days following the date upon which both such arbitrators have been named, the two named arbitrators shall agree on and name a third arbitrator who has accepted the appointment, and who shall serve as Chairman of the arbitration panel. All three arbitrators shall be qualified by education and/or experience to pass on the particular issues in dispute, shall have no financial interest in the outcome of the dispute, and shall not be current or former employees of either Party. In the event either Party is unable to name an arbitrator, or the arbitrators chosen by the Parties are unable to agree on a third arbitrator, the same shall be designated by the Senior Judge (in service) of the United States District Court for the Northern District of Oklahoma. Each Party shall pay the compensation and expenses of the arbitrator named by it or for it, and both shall share equally the compensation and expenses of the third arbitrator. The three arbitrators shall meet and hear from the Parties with respect to the matters in dispute according to procedures as the Chairman of the panel may designate, with the condition that, unless otherwise agreed by the Parties, the decision by majority of the arbitration panel shall be issued in writing within ninety (90) days of the selection of the third arbitrator.
- 18.3 The decision of the panel shall be final, binding and non-appealable as to the matters in issue except as set forth in the Uniform Arbitration Act of Delaware [Del Code Ann. tit. 10, Section 5703 (1974)] as to the Parties hereto.
- 18.4 Any conversation recorded in accordance with a Service Schedule may be submitted in evidence in any arbitration, court or regulatory proceeding as evidence of the provision of the Transaction(s) to which it relates. The Parties agree not to assert as a legal defense to the validity or enforceability of a Transaction verbally agreed to as evidenced by the transaction tape or transcript thereof (provided such tape or transcript has not been altered) the fact that the Transaction agreement is not in writing or signed by a Party or both Parties, and/or that such Transaction

agreement may not be in technical compliance with the Oklahoma Statute of Frauds.

ARTICLE E. RATE SUMMARY

Salt Plains is authorized to charge market-based rates which are individually negotiated between Salt Plains and Customer. *See Manchester Pipeline Corp.*, 76 FERC ¶ 61,007 (1996).

SERVICE SCHEDULES

SCHEDULE FSS – FIRM STORAGE SERVICE

SERVICE DESCRIPTION

Firm Storage Service (FSS) is a natural Gas storage service comprised of firm inventory service, firm injection service and firm withdrawal service, subject to the terms and conditions of service set forth in the Base Contract including the Appendix FSS evidencing a Transaction entered into by the Parties.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS

- 1.1 In this Service Schedule, terms will have the meanings given in Article B – Definitions of the Storage Service Documents, unless expressly indicated otherwise.

2. CONTRACTING FOR SERVICES AND NOMINATIONS

- 2.1 The following provisions will apply between the Parties:

- (a) From time to time, Customer and Salt Plains may agree orally to one or more Transactions hereunder. Such oral agreement shall be recorded by Salt Plains and thereafter shall be confirmed by Salt Plains sending Customer a fax in the form of an Appendix FSS documenting the particulars of the Transaction thereby entered into.
- (b) Unless Customer objects by notice in writing given to Salt Plains by 09:00 hours Central Clock Time on the 15th Business Day following the day on which Salt Plains faxes the confirmation notice in the form of an Appendix FSS pursuant to FSS Section 2.1(a), such Appendix FSS shall be accepted as correct by and binding upon both Parties in accordance with its terms whether or not in fact executed by either Party or both Parties; provided that, if a Party can produce a voice recording which clearly evidences the oral agreement of the Parties, then in the event of conflict between the faxed confirmation and the voice recording, the agreement of the Parties shall be governed by the latter.
- (c) Customer may access the Services provided for in this Service Schedule by following the procedures set out in Section 3 “Requests, Nominations, and Confirmations” of the Storage Service Documents, and in this Service Schedule.

- 2.2 Salt Plains is not required to accept any Request which would result in Customer’s Inventory Account having a negative balance or which would result in Customer exceeding the Inventory Capacity.

2.3 Unless otherwise permitted in the Storage Service Documents, Customer must pay Salt Plains all applicable charges on account of the Injection Commodity Rate, the Withdrawal Commodity Rate, or both, for any Intraday Request made by Customer. Due to the obligations imposed on Salt Plains as a result of an Intraday Request, any Intraday Request made by Customer will require Customer to make payment for all applicable charges even if Customer did not Nominate as required by the Storage Service Documents.

3. REDUCTIONS, ALLOCATIONS

3.1 On any Gas Day, Salt Plains may reduce Customer’s Request for Service duly made hereunder, in whole or in part, without penalty, in order to perform planned or unplanned maintenance, repairs, additions or modifications to any of the pipeline, the storage wells, and the equipment and plant comprising the Salt Plains Storage Facility (the “Curtailment Allowance”); provided that, Salt Plains shall use commercially reasonable efforts to give 15 days prior notice of planned maintenance. Over any period of 365 consecutive Gas Days, the Curtailment Allowance made use of by Salt Plains shall not in the aggregate exceed 100%, where the Curtailment Allowance made use of on any Gas Day is expressed as a percentage determined according to the following formula:

$$CA\% = \frac{(CR_t - CM_t)}{CR_t} \times 100/14$$

Where:

- t denotes the Gas Day in question.
- CR_t is Customer's Request, duly made for that Gas Day in accordance with the Storage Service Documents; and
- CM_t is Customer’ Request for that Gas Day, as reduced solely as a result of Salt Plains making use of the Curtailment Allowance.

3.2 If on any Gas Day reductions should become necessary pursuant to FSS Section 3.1 or FSS Section 3.2, or for any other reason including Force Majeure, the allocation of remaining capacity, if any, will be made among Customer’s Request and all other customers then Requesting FSS Service, consistent with Section 16 and in accordance with the following:

- (a) in the case of injection capacity: pro rata to Customer according to the ratio of its Maximum Daily Injection Quantity on that Gas Day to the total of all Maximum Daily Injection Quantities of all Customers Requesting FSS Service on that Gas Day; and
- (b) in the case of withdrawal capacity: pro rata to Customer according to the ratio of its Maximum Daily Withdrawal Quantity on that Gas

Day to the total of all Maximum Daily Withdrawal Quantities of all customers Requesting FSS Service on that Gas Day.

- 3.3 Notwithstanding the provisions of this Service Schedule, when Customer is Requesting FSS Service for any Gas Day, such Request may be reduced or rejected in accordance with Section 16 of Article D.

4. EARLY TERMINATION OPTION

- 4.1 If pursuant to any FSS Transaction, over a period of any 12 or fewer consecutive months, Salt Plains as Defaulting Party shall have incurred Real Default Value in an aggregate amount greater than or equal to one half of the Total Storage Demand Charge calculated for that period (the "Threshold Amount"), then Salt Plains shall have the option to terminate that Transaction. Salt Plains may exercise that option by giving written notice to Customer no later than 6 months after the Threshold Amount is reached, and that Transaction shall terminate 15 days following such notice being given.

- 4.2 If at the time the option for Early Termination is exercised, a positive or negative balance exists in Customer's Inventory Account then:

- (a) Salt Plains will purchase from Customer any positive balance in Customer's Inventory Account at a price equal to 110% of the average price determined by reference to the Service Commencement Point Price Index for each day of the Gas Month next following the Early Termination Date; or
- (b) Customer will purchase from Salt Plains any negative balance in Customer's Inventory Account at a price equal to 90% of the average price determined by reference to the Service Termination Point Price Index for each day of the Gas Month next following the Early Termination Date.

5. SERVICE FEES

- 5.1 Customer will pay the fees and charges described in this FSS Section 5 and in Appendix FSS for the Services provided under this Service Schedule.

- 5.2 The amount payable each Gas Month by Customer pursuant to this Service Schedule shall equal to the sum of:

- (a) The product of the Injection Commodity Rate and the quantity of Gas delivered by or on behalf of Customer at the Service Commencement Point and credited to Customer's Inventory Account during that Gas Month;

- (b) The product of the Withdrawal Commodity Rate and the quantity of Gas delivered to or on behalf of Customer at the Service Termination Point and deducted from Customer's Inventory Account during that Gas Month;
- (c) The Monthly Storage Demand Charge applicable to the Billing Month.
- (d) The sum of Customer's share of fuel charges for the Gas Month, calculated for each Gas Day as follows:

$$FC = SP \times AFC \times CN/TCN$$

Where:

"FC" means the fuel charge for that Gas Day;

"SP" means the Midpoint Price of Natural Gas for Williams-Oklahoma, as specified by Gas Daily for that Gas Day;

"CN" means

- (a) Zero ('0') if the Customer's Nomination, as Confirmed by Connecting Pipeline, is in the opposite direction to the net facility physical flow, or
- (b) The amount of Customer's Nomination Confirmed by Connecting Pipeline if such Nomination is in the same direction as the net facility physical flow for that Gas Day;

"TCN" means the total of all Customer Nominations in the same direction as the net facility physical flow on that Gas Day; and

"AFC" means the actual fuel consumed by the facility on that Gas Day; and

- (e) All other fees, charges, damages, and other amounts payable in accordance with the Storage Service Documents for that Gas Month, or as specified on Appendix FSS.

5.3 Rates will be subject to adjustment as follows:

- (a) If Bundled Profile has been selected on Appendix FSS, then the Monthly Storage Demand Charge, Injection Commodity Rate and Withdrawal Commodity Rate, or;

- (b) If Monthly Profile has been selected on Appendix FSS, then the Injection Demand Rate, Withdrawal Demand Rate, Inventory Demand Rate, Injection Commodity Rate and Withdrawal Commodity Rate;

Rates will each be adjusted effective April 1 of each year on the following basis:

$$R_n = R_o (CPI_n/CPI_o)$$

Where:

“R_n” means the Rate for the period beginning April 1 of that year;

“R_o” means the Rate in effect for the previous year;

“CPI_n” means the value of the Consumer Price Index for (CPI-U) Dallas Ft. Worth as published by the U.S. Bureau of Labor Statistics for the month of March of that year; and

“CPI_o” means the value of the Consumer Price Index for (CPI-U) Dallas – Ft. Worth as published by the U.S. Bureau of Labor Statistics for the month of March of the previous year.

- (c) No adjustment to the Injection Demand Rate, Withdrawal Demand Rate, Inventory Demand Rate, Injection Commodity Rate and Withdrawal Commodity Rate will be made if:
 - (i) CPI_n is less than CPI_o, and;
 - (ii) If the Transaction that these rates apply to was not active on March 31 of the same year .

6. RATES

- 6.1 The rates for FSS Service shall be market-based and are outlined on Appendix FSS.

7. SPECIAL CONDITIONS

- 7.1 In order to receive Service under this schedule, Customer must execute and deliver to Salt Plains a Storage Services Agreement (Form A) and enter into a Transaction as evidenced by an Appendix FSS (Form B).
- 7.2 All Service under this Service Schedule is subject to the provisions of Storage Service Documents and PlainsARROW Customer Access Procedures set forth in this Base Contract.
- 7.3 The agreement of the Parties as evidenced by the executed Storage Service Documents shall at all times be subject to such changes or modifications

that the Regulatory Agency may from time to time direct in the exercise of its jurisdiction.

SERVICE SCHEDULES

SCHEDULE STS – SHORT TERM STORAGE SERVICE

SERVICE DESCRIPTION

Short Term Storage (STS) Service is a natural Gas storage service comprised of inventory service, injection service and withdrawal service, subject to the terms and conditions of service set forth in the Base Contract and the Appendix STS evidencing a Transaction entered into by the Parties.

TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS

- 1.1 In this Service Schedule, terms will have the meanings given in Article B - Definitions of the Storage Service Documents, unless expressly indicated otherwise.

2. CONTRACTING FOR SERVICES AND NOMINATIONS

- 2.1 The following provisions will apply between the Parties:

- (a) From time to time, Customer and Salt Plains may agree orally to one or more Transactions hereunder. Such oral agreement shall be recorded by Salt Plains and thereafter shall be confirmed by Salt Plains sending Customer a fax in the form of an Appendix STS documenting the particulars of the Transaction thereby entered into.
- (b) Unless Customer objects by notice in writing given to Salt Plains by 09:00 hours Central Clock Time on the second Business Day following the day on which Salt Plains faxes the Appendix STS pursuant to STS Section 2.1(a), such Appendix STS shall be accepted as correct by and binding upon both Parties in accordance with its terms, whether or not in fact executed by either Party or both Parties; provided that, if a Party can produce a voice recording which clearly evidences the oral agreement of the Parties, then in the event of conflict between the faxed confirmation and the voice recording, the agreement of the Parties shall be governed by the latter.
- (c) Customer may access the services provided for in this Service Schedule by following the procedures set out in Section 3 “Requests, Nominations, and Confirmations” of the Storage Service Documents, and in this Service Schedule.

2. CONTRACTING FOR SERVICES AND NOMINATIONS

- 2.2 If during the Term, as specified on the Appendix STS, there are no existing FSS Transactions that reference the same Inventory Account as specified on Appendix STS, then the following obligations shall be applicable:
- (a) For service rendered at the Service Commencement Point, Salt Plains is not required to accept any Request, which, if fulfilled, would result in the total quantity of Gas delivered or received pursuant to the Transaction exceeding, in absolute value, the Total Contract Quantity as specified on the Appendix STS evidencing the Transaction.
 - (b) Salt Plains is not required to accept any Request which would result in Customer's Inventory Account exceeding the Inventory Capacity.
 - (c) For service rendered at the Service Termination Point, Salt Plains is not required to accept any Request, which, if fulfilled, will result in the balance of Customer's Inventory Account exceeding, in absolute value, zero at the end of the Term of that Transaction.
 - (d) Salt Plains' right to not accept any Request, pursuant to STS Section 2.2(a) and (b), supersedes any obligation or right Customer may otherwise have to Request the Minimum Daily Quantity or the Maximum Daily Quantity or to exercise any Flex Discretion to which it is otherwise entitled, as specified in the Appendix STS evidencing the Transaction.

3. FLEX DISCRETION

3.1 Flex Discretion shall be governed by the following provisions:

- (a) In the Appendix STS evidencing a Transaction, the Parties shall specify the Flex Quantity of either Party or both Parties in that Transaction, as well as the Minimum Daily Quantity and the Maximum Daily Quantity at either the Service Commencement Point, the Service Termination Point, or both.
- (b) If, pursuant to any Transaction, Salt Plains has Flex Discretion, it may elect to reduce Customer's Request at the Service Commencement Point, the Service Termination Point, or both. If, pursuant to any Transaction, Customer has Flex Discretion, it may elect to Request less than the Maximum Daily Quantity at the Service Commencement Point, the Service Termination Point, or both, as applicable. Customer may not Request and Salt Plains may not reduce Customer's Request at the Service Commencement Point, the Service Termination Point, or both, as applicable, to an amount less than the Minimum Daily Quantity. Customer shall not Request an amount greater than the Maximum Daily Quantity.

- (c) If on any Gas Day Salt Plains exercises Flex Discretion hereunder, the Flex Quantity at the Service Commencement Point, the Service Termination Point, or both, as applicable, to which it is entitled in the Transaction in question shall be reduced by the quantity duly Requested by Customer on that Gas Day but not served by Salt Plains due to such exercise of Flex Discretion. If on any Gas Day, Customer exercises Flex Discretion hereunder, the Flex Quantity at the Service Commencement Point, the Service Termination Point, or both, as applicable, to which it is entitled to in the Transaction in question shall be reduced by the amount the Maximum Daily Quantity exceeds the quantity in fact Requested by Customer on that Gas Day.
- (d) When a Party's Flex Quantity at the Service Commencement Point, the Service Termination Point, or both, as applicable, in any Transaction equals zero, that Party may no longer exercise Flex Discretion in that Transaction at that point.

4. SERVICE FEES

- 4.1 Customer will pay to Salt Plains, or Salt Plains will pay to Customer, the STS Service Charge, as calculated pursuant to the Appendix STS evidencing each Transaction, for the Services provided or to be provided under this Service Schedule.
- 4.2 The STS Service Charge shall be based on either a "Total Contract Quantity," "Commodity" or "Inventory" basis, as stipulated on the Appendix STS evidencing the Transaction between the Parties.
 - (a) If based on the Total Contract Quantity, then the STS Service Charge for any Gas Month is equal to the STS Service Rate times the Total Contract Quantity divided by number of months comprising the Term of that Transaction, or
 - (b) If based on Commodity, then the STS Service Charge for any Gas Month is equal to the STS Service Rate times the quantity of Gas Requested by Customer and accepted by Salt Plains pursuant to that Transaction during that Gas Month at the Service Commencement Point, the Service Termination Point or both, or
 - (c) If based on Inventory, then the STS Service Charge for any Gas Month is equal to the STS Service Rate times the Inventory Capacity divided by the number of months comprising the Term of that Transaction.

5. RATES

5.1 The rates for STS Service shall be market-based and are outlined on Appendix STS.

6. SPECIAL CONDITIONS

6.1 In order to receive Service under this schedule, Customer must enter into a Storage Services Agreement (Form A) and a Transaction as evidenced by an Appendix STS (Form C).

6.2 All Service under this Service Schedule is subject to the provisions of the Storage Service Documents and PlainsARROW Customer Access Procedures as set forth in this Base Contract.

6.3 The agreement of the Parties as evidenced by the executed Storage Service Documents shall at all times be subject to such changes or modifications that the Regulatory Agency may from time to time direct in the exercise of its jurisdiction.

PlainsARROW CUSTOMER ACCESS PROCEDURES

- 1.1 The following attachments, attached hereto, are incorporated by reference and deemed to be a part hereof:

Attachment "A" - Documents approved for Transmittal

- 1.2 The definitions contained in Article B – Definitions of the Storage Service Documents are incorporated by reference and deemed to be a part hereof.

- 1.3 PlainsARROW services are available to Customer at no additional charge beyond the amount of consideration set out in the other Storage Service Documents to be paid by Customer to Salt Plains.

2. PLAINSARROW REQUESTS

- 2.1 The act or process of electronically sending or interchanging a Document including all matters incidental thereto, shall be governed by the terms and conditions of these PlainsARROW Procedures. Each Request transmitted pursuant to these PlainsARROW Procedures shall be governed by the Storage Service Documents in the same manner as any conventional paper transaction.

- 2.2 It is intended that PlainsARROW shall allow the parties to electronically transmit, receive and accept natural Gas Request instructions and other related data, in electronic-based formats prescribed in Attachment "A", utilizing an Internet-based solution. The interchange of these Documents is intended to supplement or replace the current method of transacting business through the exchange of conventional paper documents.

- 2.3 Nothing in the Storage Service Documents requires or compels a Customer to utilize PlainsARROW to facilitate a transaction, but should a Customer choose to do so:

(a) The parties agree that their obligations in respect of any Request shall be binding on them upon transmission of all Documents applicable to such Request.

(b) Each Request between the parties shall comprise the Documents received via PlainsARROW and shall incorporate and be subject to the provisions of these PlainsARROW Procedures and the specific provisions of the Storage Service Documents pertaining to it.

2.4 In all instances, the Documents shall be exchanged and utilized by the Sender such that the Receiver shall be able to:

- (a) Access them electronically;
- (b) Store them electronically;
- (c) Copy them electronically and in paper form.

2.5 The parties agree that as between them each Document that is received by the Receiver shall be deemed to constitute a memorandum in writing signed and delivered by or on behalf of the Sender thereof for the purposes of any statute or rule of law that requires a Contract to be evidenced by a written memorandum or to be in writing, or requires any such written memorandum to be signed or signed and delivered. Each party acknowledges that in any legal proceedings between them respecting or in any way relating to a Contract it hereby expressly waives the right to raise any defense or waiver of liability based upon the absence of a memorandum in writing or of a signature.

3. ACCESS TO PLAINSARROW

3.1 Salt Plains shall provide access information to Customer to enable Customer to access PlainsARROW. Title in and to PlainsARROW is not transferred to Customer under this Storage Service Documents and shall remain at all times with Salt Plains.

3.2 Customer shall provide and maintain at its own risk and expense a telecommunications line, an Internet Service Provider (ISP) and internet software suitable for accessing PlainsARROW. Customer shall be fully responsible for all costs associated with, and the performance of any such, third party materials or third party ISP with which it may contract.

3.3 Salt Plains grants to each Customer a non-exclusive, non-transferable, limited term license to use PlainsARROW, solely for the purpose set out in Section 2.2 and for no other purpose. Customer may not copy, disclose, modify, reverse assemble or reverse compile, translate or convert to human readable form or alter in any way the Salt Plains Software in whole or in part, nor rent, lease or sublease, license or sub-license, transfer, assign, grant access to or distribute PlainsARROW to any person or entity for any purpose without Salt Plains' express prior written consent, which may be withheld by Salt Plains in its sole discretion.

3.4 In the event Salt Plains and Customer agree to make use of a common third party supplier of information services for transmission via the PlainsARROW Network, Customer agrees to share the supplier's network charges with Salt Plains, insofar as they relate to information originating from or addressed to Customer. The portion of the charges to be covered by Customer and the exact cost sharing formula shall be determined prior to these services being established.

3.5 The parties shall cooperate in testing the telecommunications access and document exchange process on PlainsARROW, as required to confirm operation of the system. Such tests shall be carried out when reasonably requested by one of the parties and agreed by the other, and the parties shall mutually acknowledge in writing the success of the testing before initiating or continuing PlainsARROW transmissions.

4. USE OF THE PLAINSARROW NETWORK

4.1 For purposes of implementing Service under this Storage Service Documents, a Request is made when a Document in proper format (Sample Form D) and containing information required under the Storage Service Documents and these PlainsARROW Procedures is received by Salt Plains' computer at its offices in Calgary, Alberta, Canada, or at such other location as Salt Plains may notify Customer in accordance with Section 9.1. Such receipt shall not validate the information in a Document and consequently, Salt Plains shall not be liable, in the performance of the Request, for having acted on improper, invalid or erroneous information.

5. RELIABILITY OF PLAINSARROW

5.1 By submitting a document under the PlainsARROW Customer Access Procedures, each party warrants that each Document of which it is the Sender is duly authorized and binding upon it.

5.2 Each party shall take commercially reasonable steps to prevent unauthorized access to and use of any portion of PlainsARROW, including unauthorized access through the Party's third party Internet service provider that is under its control. Salt Plains shall provide Customer with user identification and a password for each duly authorized person that Customer identifies. Passwords are provided solely as an administrative convenience to Customer and Salt Plains holds no responsibility for the use of such identification and passwords once provided to Customer. Customer will be solely responsible and liable for all access to and use of PlainsARROW by persons using the identification and passwords.

Customer will promptly notify Salt Plains of any unauthorized disclosure or use of the identification and passwords.

- 5.3 Salt Plains shall be responsible for ensuring that the Software automatically formats each Document to include authentication data so as to permit Salt Plains to verify that it is an authentic Document originating from the Software.
- 5.4 If the Receiver of a Document or other communication via PlainsARROW transmission reasonably suspects that it is incomplete, inaccurate, corrupted in transmission, or not intended for that Party, that Party must promptly notify the Sender and request clarification. The Receiver shall not act on the Document until clarification has been received from the Sender.
- 5.5 If the parties cannot transmit Documents by PlainsARROW by reason of some failure of equipment or services, each party will use its commercially reasonable efforts to continue normal communication between it and the other party by alternate means, and to restore the PlainsARROW transmissions to normal operating condition as soon as possible.

6. RECORDS AND AUDIT PROCEDURES

- 6.1 Salt Plains will provide to Customer: (a) transaction advice information within two hours of each Nomination Time, containing the Request data accepted and acted upon by Salt Plains in respect of such Transaction (“Transaction Advice”), and (b) at the request of a Customer, a record of all Transactions that Customer has placed and that Salt Plains has acted upon within Customer’s requested time period, not to exceed three months previous to the date such request is made (“Transaction History(ies)”). Customer shall designate, by notice in writing to Salt Plains, one or more individuals with appropriate authority as the persons responsible for the custody of the Transaction Advice and Transaction Histories. Any such authorized person shall be deemed competent to verify the accuracy and completeness of Transaction Advice or a Transaction History.
- 6.2 Customer shall have until the end of the next business day, in the case of a Transaction Advice, or the end of 30 calendar days from the date of the requested Nomination period, in the case of a Transaction History, in each case following receipt, to compare such record with its own records and give notice to Salt Plains stating the details of any objections with respect to the accuracy or completeness of a Transaction Advice or a Transaction History. Subject to any such notice or objection, upon the expiration of that period, the Transaction Advice or Transaction History, as the case may be, shall be conclusively deemed to have been accepted as accurate and complete by both Parties.

6.3 A duly certified copy of any properly retained electronic record of an PlainsARROW-transmitted Document and duly certified copies of Transaction Advice or a Transaction History shall be admissible in any legal, administrative or other proceeding as *prima facie* evidence of the accuracy and completeness of its contents in the same manner as an original document in writing and by taking service under this Storage Service Documents each party expressly waives any right to object to the introduction of such records, Transaction Advice and Transaction Histories in evidence.

7. LIABILITY AND INDEMNITY

7.1 CUSTOMER HEREBY ACKNOWLEDGES AND AGREES THAT THE USE OF AN INTERNET-BASED BUSINESS SOLUTION SUCH AS PLAINSARROW IS RELIANT UPON HARDWARE, SOFTWARE AND PROCESSES OVER WHICH SALT PLAINS HAS LITTLE OR NO CONTROL. ACCORDINGLY, SALT PLAINS SHALL NOT BE RESPONSIBLE OR LIABLE FOR, INCLUDING, BUT NOT LIMITED TO:

- (A) IMPAIRMENTS IN DOCUMENT TRANSMISSION CAUSED BY ACTS WITHIN THE CONTROL OF CUSTOMER OR ITS PERSONNEL;
- (B) INTEROPERABILITY OF CUSTOMER APPLICATIONS;
- (C) INABILITY OF CUSTOMER TO ACCESS OR INTERACT WITH PLAINSARROW THROUGH THE INTERNET, OTHER NETWORKS OR USERS THAT COMPRISE THE INTERNET OR THE INFORMATIONAL OR COMPUTING RESOURCES AVAILABLE THROUGH THE INTERNET;
- (D) INTERACTION WITH OR SERVICES PERFORMED BY OTHER SERVICE PROVIDERS, NETWORK, USERS OR INFORMATIONAL OR COMPUTING RESOURCES THROUGH THE INTERNET; OR
- (E) PERFORMANCE IMPAIRMENTS CAUSED BY THE INTERNET.

7.2 CUSTOMER IS HEREBY LIABLE TO AND SHALL INDEMNIFY SALT PLAINS AGAINST ALL ACTIONS, PROCEEDINGS, CLAIMS, DEMANDS AND COSTS WHICH MAY BE BROUGHT AGAINST SALT PLAINS ARISING DIRECTLY OR INDIRECTLY OUT OF CUSTOMER'S USE, NON-USE OR MISUSE OF PLAINSARROW.

7.3 PLAINSARROW IS PROVIDED TO THE CUSTOMER ON AN “AS IS” BASIS WITHOUT WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF TITLE OR IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OTHER THAN THOSE WARRANTIES OR CONDITIONS WHICH ARE IMPLIED BY AND INCAPABLE OF EXCLUSION, RESTRICTION OR MODIFICATION.

8. *FORCE MAJEURE*

8.1 Performance by a Party of all or any part of that Party’s obligations under these PlainsARROW Procedures shall be suspended during the period and to the extent that such performance is delayed or prevented by any cause, except lack of funds, beyond the control of that party. The party invoking this Section 8 shall:

- (a) Promptly notify the other Party, in writing, of the particulars of the cause upon which it relies, including the date of its commencement;
- (b) Promptly notify the other Party, in writing, after such cause ceases to exist;
- (c) Recontinue performance of the suspended obligation hereunder as soon as such cause ceases; and
- (d) Use its commercially reasonable efforts to mitigate the restraint due to the cause upon which it relies.

8.2 If a Party claims suspension of an obligation under this Section 8, an obligation of the other Party shall also be suspended if and to the extent that obligation of that other party is dependent upon or is a consequence of the performance of that obligation.

8.3 The suspension of an obligation under this Section 8 shall not extend the term of these PlainsARROW Procedures for the period of the suspension unless the Parties mutually agree upon such extension in writing.

9. MISCELLANEOUS

9.1 Any notice required or permitted to be given by one Party to another pursuant to these PlainsARROW Procedures shall be given in writing and may be delivered by hand or transmitted by facsimile in accordance with the Notification Schedule.

9.2 Each Party shall maintain the electronic data or records required to print a hard copy of each and every Document it transmits or receives pursuant to these PlainsARROW Procedures for the time period required by any and all applicable law(s), but in any event for a period of not less than ten (10) years. The parties shall implement reasonable measures to assure the accuracy, fidelity and retention of all electronic data and records generated hereunder.

10. TERM AND TERMINATION

10.1 These PlainsARROW Procedures shall commence upon the execution by both Parties of a Storage Services Agreement and shall continue until termination of that Agreement as prescribed by these PlainsARROW Procedures.

10.2 Customer acknowledges that PlainsARROW is a communication facility enabled by Salt Plains to better interact with its customers, and so agrees that Salt Plains may terminate all or a portion of PlainsARROW or its constituent functions, in its sole discretion at any time, upon serving Customer thirty (30) days prior written notice thereof.

ATTACHMENT "A"
DOCUMENTS APPROVED FOR TRANSMITTAL

The Parties may send the following documents via the PlainsARROW Network.

- 1 Request
- 2 Confirmation
- 3 Flex Quantity
- 4 Transaction Advice
- 5 Inventory Account Activity
- 6 Transaction History
- 7 Price Index Daily Data

TRANSMISSION STANDARDS

The standard for the exchange of Documents between the Parties via PlainsARROW shall be the Hypertext Transmission Protocol Secure (HTTPS) standard and information shall be encrypted using Secure Socket Layer (SSL) protocol.

SAMPLE FORMS

- A. STORAGE SERVICES AGREEMENT
- B. APPENDIX FSS
- C. APPENDIX STS
- D. SALT PLAINS REQUEST FORM
- E. LETTER OF CREDIT
- F. GUARANTEE

FORM “A”

THIS STORAGE SERVICES AGREEMENT MADE AS OF <COMMENCE DATE>, BETWEEN:

<COMPANY NAME>
(“CUSTOMER”)

- and -

SALT PLAINS STORAGE, LLC
(“SALT PLAINS”)

RECITALS:

- A. Salt Plains has developed certain facilities known as the Salt Plains Storage Facility which permit Salt Plains to provide Storage Services to Customer;
- B. Customer wishes to use some or all of those Services; and
- C. This Storage Services Agreement establishes how those Services will be provided.

SALT PLAINS AND CUSTOMER AGREE AS FOLLOWS:

- 1. DEFINITIONS
 - 1.1 Defined terms used in this Agreement, have the meaning given to them in Article B – Definitions of the Salt Plains Storage Service Documents.
- 2. REPRESENTATIONS OF CUSTOMER
 - 2.1 Customer represents and warrants to Salt Plains as follows, and such representations and warranties shall survive for the benefit of Salt Plains and are ratified and confirmed upon entering into each and every Transaction under the Storage Service Documents:

- (a) Customer is duly formed and validly existing under the laws of its incorporating jurisdiction and is duly qualified to carry on business in all jurisdictions in which it carries on business;
- (b) The execution of this Agreement and the Storage Service Documents does not violate any law, regulation, or order or Customer's articles of incorporation or bylaws and does not breach any agreement to which Customer is a party; and
- (c) To the knowledge of Customer there are no actions, claims or proceedings threatened against or affecting Customer which might materially affect any of the Transactions contemplated in this Agreement or the Storage Service Documents, or which might affect Customer's ability to meet its financial obligations under the Storage Service Documents.
- (d) Any storage service contracted by Customer to be provided by Salt Plains under authority of Section 311(a)(2) of the NGPA will be rendered "on behalf of" an interstate pipeline or local distribution company served by an interstate pipeline, meaning that such interstate pipeline or local distribution company shall take custody of or title to the subject Gas at some point, and Customer will, on demand by Salt Plains, provide Salt Plains any information necessary to confirm such representation.

3. TERM

- 3.1 This Storage Services Agreement, made effective as of the date first above written, creates the contractual relationship between Salt Plains and Customer for entering into Transactions utilizing the Services. From time to time there may be no Services provided, or no Transactions then in effect, in which case, this Storage Services Agreement will continue until either Party delivers a written termination notice to the other Party. That notice will be effective at the commencement of the second Gas Month following the date it was given; provided that, if a Transaction is then in effect between Salt Plains and Customer, this Storage Services Agreement shall only terminate after that Transaction is performed or terminated in accordance with its provisions.

4. SALT PLAINS STORAGE SERVICES
 - 4.1 Salt Plains will provide and Customer will utilize those Services that the Parties agree to from time to time, as confirmed by an Appendix evidencing the Transaction entered into by the Parties.
 - 4.2 When a Transaction is agreed to by the Parties, the terms of the applicable Service Schedule will apply to that Transaction, except to the extent expressly modified by the express terms and conditions of the Appendix in question.
 - 4.3 Each Party expressly consents to the recording of telephone conversations between the Parties concerning oral agreements for Transactions. Each Party hereby waives any objection based on the recording of such telephone conversations and to the admissibility of such a recording in a proceeding concerning the agreement before a court, arbitrator, mediator, or administrative agency.
5. STORAGE SERVICE DOCUMENTS / PLAINSARROW
 - 5.1 The Storage Service Documents and the PlainsARROW Customer Access PlainsARROW Procedures apply to and are incorporated by reference into this Agreement and all Transactions which are entered into from time to time by Customer and Salt Plains.
 - 5.2 The Storage Service Documents and every Transaction entered into thereunder, shall at all times be subject to such changes or modifications by the Regulatory Agency as it may, from time to time, direct in the exercise of its jurisdiction.
 - 5.3 The Storage Service Documents will be governed by and interpreted in accordance with the laws in force in the State of Oklahoma without regard to the choice of law provisions thereof; and the Parties irrevocably submit to the courts having jurisdiction in the State of Oklahoma.

IN WITNESS WHEREOF, the Parties have executed this Storage Services Agreement as of the date first above written.

<COMPANY NAME>

SALT PLAINS STORAGE, LLC

PER: _____

Per: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

NOTIFICATION SCHEDULE

This Notification Schedule is attached to and forms part of the Storage Services Agreement entered into between <COMPANY NAME> and SALT PLAINS STORAGE, LLC as of <Commence Date>.

NOTICES TO SALT PLAINS

NOTICES

Salt Plains Storage, LLC
400, 607 8th Avenue S.W.
Calgary, Alberta
CANADA
T2P 0A7

Attn: Vice President, Marketing

Telephone:
(403) 513-8616

Fax:
(403) 266-0637

REQUESTS AND NOMINATIONS

Salt Plains Storage, LLC
400, 607 8th Avenue S.W.
Calgary, Alberta
CANADA
T2P 0A7

Attn: Scheduling

Telephone:
(403) 513-8674

Fax:
(403) 266-0636

PAYMENTS

The Bank of Nova Scotia
New York Agency Transit 80085
ABA # 026002532
Swift Code: NOSCUS33
New York, New York

For Further Credit to:
The Bank of Nova Scotia
Calgary Business Support Centre
Transit 12989

Beneficiary Name:
Salt Plains Storage, LLC

Beneficiary Address:
400, 607 8th Avenue S.W.
Calgary, Alberta
CANADA
T2P 0A7

Account #: 88094-10

NOTICES TO CUSTOMER

NOTICES

Address

Attention

Telephone

Fax

CONFIRMATIONS

Address

Attention

Telephone

Fax

PAYMENTS

Bank

Account number

REQUEST TIMES, NOMINATION TIMES & EFFECTIVE TIMES
ALL TIMES ARE CENTRAL CLOCK TIME

REQUEST TIME (FOR FSS SERVICE)	REQUEST TIME (FOR STS SERVICE)	NOMINATION TIME	EFFECTIVE TIME
10:00	11:00	11:30	09:00 (next day)
16:30	17:30	18:00	09:00 (next day)
08:00 (next day)	08:30 (next day)	10:00 (next day)	17:00 (next day)
14:00 (next day)	16:30 (next day)	17:00 (next day)	21:00 (next day)

FORM "B"

APPENDIX FSS

Salt Plains Storage, LLC ("Salt Plains") and <Company Name> ("Customer") hereby adopt Service Schedule FSS and PlainsARROW Customer Access Procedures, along with their previously executed Storage Services Agreement and agree to the additional provisions contained in this Appendix FSS:

1. Term: <Commencement Date> to <End Date>, subject to the provisions of Service Schedule FSS
Account: < >

2. BUNDLED PROFILE:
Inventory Capacity: <_____> Dth
Maximum Daily Injection Quantity: <INSERT FORMULA>
Maximum Daily Withdrawal Quantity <INSERT FORMULA>
OR Monthly Storage Demand Charge: \$ <_____> Dth

MONTHLY PROFILE:
Inventory Capacity: <_____> Dth

Mon	Maximum Daily Injection Quantity	Injection Demand Rate	Injection Demand Charge (A)	Inventory Demand Rate	Inventory Demand Charge (B)	Maximum Daily Withdrawal Quantity	Withdrawal Demand Rate	Withdrawal Demand Charge (C)	Monthly Storage Demand Charge (A)+(B)+(C)
	Dth/day/month	\$/Dth/day/month	\$/month	\$/Dth/month	\$/month	Dth/day/month	\$/Dth/day/month	\$/month	\$/month
Apr									
May									
Jun									
Jul									
Aug									
Sep									
Oct									
Nov									
Dec									
Jan									
Feb									
Mar									
Total Storage Demand Charge (\$)									

3. Service Commencement Point: <_____>
Service Commencement Point Price Index: <_____>
Connecting Pipeline at Service Commencement Point: <_____>
Designated Transportation Account at Service Commencement Point: <_____>

4. Service Termination Point: <_____>
Service Termination Point Price Index: <_____>
Connecting Pipeline at Service Termination Point: <_____>
Designated Transportation Account at Service Termination Point: <_____>

5. Injection Commodity Rate: <_____> \$/Dth
Withdrawal Commodity Rate: <_____> \$/Dth

The parties have entered into this Appendix FSS effective <Commencement Date>.

IMPORTANT NOTE:
This Appendix FSS will be final and binding in accordance with Section 2 of Service Schedule FSS unless Customer objects by notice in writing by 09:00 hours Central Clock Time on the second Business Day following the day of fax transmission of this Appendix. Signatures are not required to effect the binding nature of the Transaction set forth in this Appendix FSS. The agreement of the Parties, as evidenced by this Appendix FSS, shall at all times be subject to such changes or modifications by the Regulatory Agency as they may from time to time direct in the exercise of their jurisdiction.

FORM "C"

APPENDIX STS

Salt Plains Storage, LLC ("Salt Plains") and <Company Name> ("Customer") hereby adopt Service Schedule STS, along with their previously executed Storage Services Agreement, PlainsARROW™ Customer Access Procedures and Storage Service Document and agree to the additional provisions contained in this Appendix STS:

- 1. Term: <Commencement Date> to <End Date>.
 Account: < >
 Inventory Capacity: < #>
 Total Contract Quantity: <variable to a maximum of> <#>
 The STS Service Rate: <rate/index formula> payable by: <Salt Plains/Customer>.
 The STS Service Charge shall be based on: <Total Contract Quantity / Commodity / Inventory>

NOTE: The STS Service Rate reflects the full cycle cost if based on Inventory. If based on Commodity or Total Contract Quantity, then the STS Service Rate reflects the rate for quantities actually flowed in one direction only. Therefore, the full cycle cost will be double the STS Service Rate to reflect being charged for rates that have flowed in both directions.

- 2. The following shall apply in respect of the Service Commencement Point:
 Service Commencement Point: <____>
 Service Commencement Point Price Index: < ____ >
 Connecting Pipeline: <____>
 Designated Transportation Account: <____>
 Flex Discretion: < N.A./Salt Plains/Customer/Both>
 Customer's Flex Quantity: <#>
 Salt Plains' Flex Quantity: <#>
 Minimum Daily Quantity: <#> subject to Section 2.2(a) Of Service Schedule STS.
 Maximum Daily Quantity: <#> subject to Section 2.2(a) Of Service Schedule STS.
 Delivery of Gas to: <Salt Plains/Customer> from <Commencement Date> to <____>

- 3. The following shall apply in respect of the Service Termination Point:
 Service Termination Point: <____>
 Service Termination Point Price Index: < ____ >
 Connecting Pipeline: <____>
 Designated Transportation Account: <____>
 Flex Discretion: < N.A./Salt Plains/Customer/Both>
 Customer's Flex Quantity: <#/Total Contract Quantity less the Commencement Quantity>
 Salt Plains' Flex Quantity: <#>
 Minimum Daily Quantity: <#/Commencement Quantity divided by <#/N.A.> days> subject to Section 2.2(b) Of Service Schedule STS.
 Maximum Daily Quantity: <#/Commencement Quantity divided by <#/N.A.> days> subject to Section 2.2(b) Of Service Schedule STS.
 Delivery of Gas to: <Salt Plains/Customer> from <____> to <End Date>

The parties have accepted this Appendix STS effective <Commencement Date>.

IMPORTANT NOTE:
 This Appendix STS will be final and binding in accordance with Section 2 of Service Schedule STS unless Customer objects by notice in writing by 09:00 hours Central Clock Time on the second Business Day following the day of fax transmission of this Appendix. Signatures are not required to effect the binding nature of the Transaction set forth in this Appendix STS. The agreement of the Parties, as evidenced by this Appendix STS, shall at all times be subject to such changes or modifications by the Regulatory Agency as they may from time to time direct in the exercise of their jurisdiction.

<COMPANY NAME>

SALT PLAINS STORAGE, LLC

PER: _____

PER: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

Salt Plains File Number: <Company Code><Transaction Code>

FORM "D"

Salt Plains Storage, LLC Requests

FSS Request Time	STS Request Time	Nomination Time	Effective Time
10:00 CT	11:00 CT	11:30 CT	09:00 CT Next Day
16:30 CT	17:30 CT	18:00 CT	09:00 CT Next Day
08:00 CT Next Day	08:00 CT Next Day	08:30 CT Next Day	10:00 CT Next Day
14:00 CT Next Day	16:30 CT Next Day	17:00 CT Next Day	21:00 CT Next Day

Customer Name:		Phone Number:	
Customer Code:		Fax Number:	
Prepared By:		Salt Plains Gas Controller:	
Signature & Date:		Signature & Date:	

Imbalance Trade (Y/N)	Location	Transport Id (Path)	Pipeline	Account ID	Acct Point	Storage Contract	Pkg	Rank	Flow Start (yyyy-mm-dd)	Flow Start (Cycle)	Flow End (yyyy-mm-dd)	Requested Energy (Dth)	Nominated Energy (Dth)
<input type="checkbox"/>	Source												
	Dest.												
<input type="checkbox"/>	Source												
	Dest.												
<input type="checkbox"/>	Source												
	Dest.												
<input type="checkbox"/>	Source												
	Dest.												
<input type="checkbox"/>	Source												
	Dest.												
<input type="checkbox"/>	Source												
	Dest.												

FAX TO: (403) 266-0636

Salt Plains Storage LLC – Gas Control (403) 513-8674

SAMPLE FORM “E”

TERMS AND CONDITIONS OF THE LETTER OF CREDIT

To: SALT PLAINS STORAGE, LLC (“Salt Plains”)

Conditions of Payment:

(1) Payable at site upon delivery by Salt Plains to the Issuer of a certificate signed by a senior Officer of Salt Plains stating that Salt Plains is entitled to draw the amount set forth in such certificate under the Letter of Credit.

Additional Terms and Conditions:

(1) Each Letter of Credit issued in respect of the last year of the Storage Service Documents shall be an irrevocable documentary Letter of Credit which shall remain in full force and effect and shall not expire until 120 days after the expiration of the term of the Storage Service Documents.

(2) Partial drawings will be permitted.

(3) The Issuer shall not be empowered or required to investigate the validity of any certificate delivered by Salt Plains.

(4) Each Letter of Credit shall be fully secured by cash collateral or its equivalent.

(5) All costs of the issuing bank and any advising or confirming bank shall be borne by Customer.

Amount:

Delivery:

The Letter of Credit shall be delivered to:

SALT PLAINS STORAGE, LLC
400, 607 8th Avenue S.W.
Calgary, Alberta
CANADA
T2P 0A7
Attention: Vice President, Marketing

SAMPLE FORM “F”

PRO FORMA GUARANTEE

GUARANTEE dated as of _____, 20____, made by [NAME OF ACCEPTABLE SPONSOR] , (the “Guarantor”) in favor of Salt Plains Storage, LLC (“Salt Plains”).

[NAME OF Customer] a [state relationship to Guarantor] (the “Customer”) is a subscriber to the Storage Service Documents. Pursuant to the Storage Services Agreement dated as of _____ (included in the Storage Service Documents) and the Salt Plains Storage Service Documents (the “Agreements”), Salt Plains has agreed to provide Services to Customer upon the terms and conditions set forth therein. It is a condition to the obligations of Salt Plains to provide the Services to Customer that Guarantor shall guarantee payment of the obligations and liabilities which Customer has incurred or is under or may incur or be under to Salt Plains arising from the dealings between Customer and Salt Plains pursuant to the Agreements. Should Guarantor's Credit Rating at any time fall below the Acceptable Credit Rating, then the provisions of Sections 14.2 and 14.3 of the Salt Plains Storage Service Documents shall apply mutatis mutandis to Guarantor as if it were Customer.

Where a capitalized term or expression is not otherwise defined in this Agreement the term or expression shall have the meaning ascribed to it in Rule 1 of the Salt Plains Storage Service Documents.

In consideration of the premises, and to induce Salt Plains to provide Services to Customer under the Agreements, Guarantor hereby agrees as follows:

**SECTION 1
THE GUARANTEE**

1.1 **Guarantee** Guarantor hereby unconditionally and irrevocably guarantees to Salt Plains the prompt and complete payment by Customer when due of all amounts payable by Customer from time to time for all current and future Transactions entered into under the Agreements or any modifications, amendments, extensions, renewals or replacements thereof (the obligations of Customer to pay such amounts, whether now existing or hereinafter arising are collectively called the “Guaranteed Obligations”). Guarantor further agrees to pay any and all reasonable expenses which may be paid or incurred by Salt Plains in enforcing this Guarantee, including, but not limited to, reasonable attorney's fees and costs.

1.2 **Obligations Unconditional** The obligations of Guarantor under Section 1.1 are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of the Agreements or any substitution, release or exchange of any other guarantee of, or security for, or support agreement relating to, any of the Guaranteed Obligations and to the fullest extent permitted by applicable law, irrespective of any other circumstances whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or Guarantor, in bankruptcy or in any other instance. Without limiting the generality of the foregoing, Guarantor agrees that the occurrence of any one or more of the following shall not affect the liability of the Guarantor hereunder:

- (a) At any time or from time to time, without notice to Guarantor, the time for

any performance of or compliance with any of the Guaranteed Obligations shall be extended, or all or any part of such performance or compliance shall be waived;

(b) Any of the acts mentioned in any of the provisions of the Agreements shall be done or omitted in whole or in part; or

(c) Any right under the Agreements shall be waived in whole or in part, or any other guarantee of or security for, or support agreement relating to any of the Guaranteed Obligations shall be released or exchanged in whole or in part or otherwise dealt with.

This Guarantee is a guarantee of payment, not collection. Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that Salt Plains exhaust any right, power or remedy or proceed against the Customer.

1.3 Reinstatement The obligations of Guarantor under this Section 1 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Customer in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by Salt Plains whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

1.4 No Subrogation Notwithstanding anything to the contrary in this Guarantee, the Guarantor hereby irrevocably waives all rights which may have arisen in connection with this Guarantee to be subrogated to any and all of the rights (whether contractual, under the Bankruptcy Code (Title 11 of the United States Code), under common law or otherwise) of Salt Plains against Customer for the payment of the Guaranteed Obligations.

1.5 Remedies Guarantor agrees that, as between the Guarantor and Salt Plains the Guaranteed Obligations may become due and payable as provided in the Agreements for purposes of Section 1.1 hereof, notwithstanding any stay, injunction or other prohibition preventing the Guaranteed Obligations from becoming due and payable.

1.6 Continuing Guarantee The guarantee in this Section 1 is a continuing guarantee, and shall apply to all Guaranteed Obligations whenever arising, whether existing at the time of execution this Guarantee or hereafter arising.

SECTION 2 ASSIGNMENT

2.1 Assignment by Guarantor Guarantor may not assign its rights or obligations hereunder without the prior written consent of Salt Plains, which may be withheld in Salt Plains' sole and absolute discretion.

**SECTION 3
REPRESENTATIONS AND WARRANTIES**

3.1 Guarantor represents and warrants as follows:

- (a) Guarantor is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation.
- (b) The execution, delivery and performance by Guarantor of this Guarantee are within Guarantor's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) Guarantor's certificate of incorporation or by-laws or (ii) any law, rule, regulation, order or contractual restriction binding on or affecting Guarantor.
- (c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by Guarantor of this Guarantee, except such as have been duly obtained or made and are in full force and effect.
- (d) This Guarantee is a legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceeding in equity or at law).
- (e) The relationship of Guarantor to Customer is _____.
- (f) The representations and warranties made by Customer in the Agreements are true and correct.
- (g) The provisions of Sections 14.2 and 14.3 shall apply *mutatis mutandis* to Guarantor as if Guarantor were Customer.

**SECTION 4
COVENANTS**

4.1 Guarantor covenants that until the payment and satisfaction in full of the Guaranteed Obligations it shall:

- (a) Maintain its corporate existence;
- (b) Not commence or join with any other Person in commencing any proceeding against Customer under any bankruptcy, reorganization, liquidation or insolvency law, or vote its shares of capital stock of Customer to direct Customer to commence any proceeding with respect to Customer under any bankruptcy, reorganization, liquidation or insolvency law; and
- (c) Meet the requirements of Sections 14.2 and 14.3 which apply *mutatis mutandis* to Guarantor as if it were Customer.

**SECTION 5
MISCELLANEOUS**

5.1 **Governing Law** This Guarantee shall be governed by, and construed in accordance with, the law of the State of Oklahoma without regard to the choice of law provisions thereof.

5.2 **Notices** All notices, requests, consents and demands hereunder shall be in writing, shall be effective upon receipt and shall be mailed, hand delivered or faxed to Guarantor at its address or fax number specified beneath its signature hereto or at such other address or fax number as shall be designated by Guarantor in a notice to Salt Plains.

5.3 **Successors and Assigns** This Guarantee shall be binding upon Guarantor and its successors and assigns and shall inure to the benefit of Salt Plains and its successors and assigns.

5.4 **Submission to Jurisdiction; Waiver** Guarantor hereby irrevocably and unconditionally:

(a) Submits for itself and its property in any legal action or proceeding relating to this Guarantee or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of Oklahoma and appellate courts from any thereof;

(b) Consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) Agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail, postage prepaid, to Guarantor at its address set forth with its signature below or at such other address of which the Agent shall have been notified pursuant hereto; and

(d) Agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

5.5 **Guarantee Term** The term of this Guarantee shall commence on _____ and shall terminate on the date all Guaranteed Obligations have been satisfied in full after the termination of the Storage Service Documents.

IN WITNESS WHEREOF, Guarantor has caused this Guarantee to be duly executed and delivered as of the day and year first above written.

[NAME OF ACCEPTABLE SPONSOR]

By _____

Name:

Title:

Address for Notices to Sponsor:

Attention:

Telephone No:

Fax No:

ACCEPTED:
SALT PLAINS STORAGE, LLC

By: _____

Name:

Title:

By: _____

Name:

Title:

Address for Notices to Salt Plains:

Attention:

Telephone No:

Fax No: