FERC Gas Tariff

Original Volume No. 1

Of

HIGH POINT GAS TRANSMISSION, LLC

Filed with the

FEDERAL ENERGY REGULATORY COMMISSION

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PRELIMINARY STATEMENT

High Point Gas Transmission, LLC (hereinafter called “High Point”) is a Delaware limited liability company, engaged in the business of transporting natural gas in interstate commerce under authorization granted by and subject to the jurisdiction of the Federal Energy Regulatory Commission. High Point owns and operates a natural gas pipeline system that delivers natural gas from producers and pipeline interconnects located in onshore and offshore Louisiana to the Southern Natural Gas Company - Toca interconnect located in St. Bernard Parish, Louisiana.
SYSTEM MAP

The System Map may be displayed and downloaded at the following Internet Web URL:

# STATEMENT OF RATES
(Rates per Dth)

<table>
<thead>
<tr>
<th>Rate Schedule</th>
<th>Maximum Rate</th>
<th>Minimum Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates Applicable to Service on Facilities Owned by High Point</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FTS Reservation Rate (per Month)*</td>
<td>$8.8844</td>
<td>$0.0000</td>
</tr>
<tr>
<td>Usage Rate</td>
<td>$0.0000</td>
<td>$0.0000</td>
</tr>
<tr>
<td>ITS Usage Rate</td>
<td>$0.2921</td>
<td>$0.0000</td>
</tr>
<tr>
<td>PAL Usage Rate</td>
<td>$0.2921</td>
<td>$0.0000</td>
</tr>
</tbody>
</table>

**Additional Charges**

<table>
<thead>
<tr>
<th>Rate Schedule</th>
<th>Maximum Rate</th>
<th>Minimum Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates Applicable to Service to Delivery Point at Main Pass Block 289 Platform***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FTS Reservation Rate (per Month)*</td>
<td>$1.2167</td>
<td>$0.0000</td>
</tr>
<tr>
<td>Usage Rate</td>
<td>$0.0000</td>
<td>$0.0000</td>
</tr>
<tr>
<td>ITS Usage Rate</td>
<td>$0.0400</td>
<td>$0.0000</td>
</tr>
<tr>
<td>PAL Usage Rate</td>
<td>$0.0400</td>
<td>$0.0000</td>
</tr>
</tbody>
</table>

**Rates Applicable to Service to Delivery Points on Destin Pipeline Company, L.L.C. (“Destin Pipeline”)**

| ITS Usage Rate | $0.0400, plus Rate $0.0000, plus Rate Schedule IT rate charged High Point by Destin Pipeline |
| PAL | |

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*Note: The rates listed are for illustrative purposes only and do not necessarily reflect the current rates as of the time of this document's creation.*
<table>
<thead>
<tr>
<th>Description</th>
<th>Rate Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Usage Rate</td>
<td>$0.0400, plus Rate $0.000 Schedule IT rate charged High Point by Destin Pipeline</td>
</tr>
<tr>
<td>Applicable to Service on Facilities Owned by High Point</td>
<td></td>
</tr>
<tr>
<td>Unaccounted For Gas Retention Percentage: 0.0%</td>
<td></td>
</tr>
<tr>
<td>Any other charges or surcharges authorized from time to time under the provisions of this FERC Gas Tariff, including the Hurricane Surcharge, which is $0.0000 per Dth/d (Maximum Rate) and $0.0000 per Dth/d (Minimum Rate).</td>
<td></td>
</tr>
<tr>
<td>Applicable to Service to Delivery Point at Main Pass Block 289 Platform**</td>
<td></td>
</tr>
<tr>
<td>Fuel Retention charged High Point by High Point Gas Gathering****</td>
<td></td>
</tr>
<tr>
<td>Applicable to Service to Delivery Points on Destin Pipeline**</td>
<td></td>
</tr>
<tr>
<td>Fuel Retention charged High Point by High Point Gas Gathering and Destin Pipeline****</td>
<td></td>
</tr>
<tr>
<td>All Services</td>
<td></td>
</tr>
<tr>
<td>Annual Charge Adjustment</td>
<td>(See Section 6.28 of the General Terms and Conditions) $0.000</td>
</tr>
</tbody>
</table>

* The Daily Reservation Rate (100% Load Factor Rate) is $0.2921/Dth. The Authorized Overrun Rate is equal to the 100% Load Factor Rate.

** Shipper subscribing for this service must pay these rates in addition to the Rates Applicable to Service on Facilities Owned by High Point.

*** The Daily Reservation Rate (100% Load Factor Rate) is $1.2967/Dth. The Authorized Overrun Rate is equal to the 100% Load Factor Rate.

**** The Fuel Retention charges of High Point Gas Gathering and Destin Pipeline can be found on High Point’s website at http://www.hienergyebb.com/HPGT/Home
RATE SCHEDULES
1. **AVAILABILITY**

This rate schedule is available to any Shipper for the firm transportation of gas by High Point under the authority and provisions of Part 284 of FERC’s regulations, provided that:

1.1 High Point determines that it has sufficient capacity to render the firm transportation service and that it is able to provide said transportation;

1.2 Any construction, acquisition, or expansion of facilities necessary to commence and provide the firm transportation service has been completed;

1.3 Shipper satisfies the creditworthiness criteria in accordance with Section 6.11.5 of the General Terms and Conditions; and

1.4 Shipper executes a Firm Service Agreement in the form contained in Section 7.1 of this FERC Gas Tariff.

2. **APPLICABILITY AND CHARACTER OF SERVICE**

2.1 Transportation service hereunder, through all or any portion of the System, shall be firm from Primary Receipt Point(s) to the Primary Delivery Point(s) subject to the provisions of a Firm Service Agreement, and to the General Terms and Conditions incorporated herein by reference.

2.2 Transportation service hereunder shall consist of the acceptance by High Point of gas tendered for the account of Shipper for transportation from the Primary Receipt Point(s) specified in the Firm Service Agreement or Secondary Receipt Point(s) as nominated by Shipper, the transportation of that gas through the System, and the delivery of Equivalent Quantities for the account of Shipper at the Primary Delivery Point(s) specified in the Firm Service Agreement.

2.3 Transportation service provided under this rate schedule shall be limited to Shipper’s Maximum Daily Reservation Quantity specified in the Firm Service Agreement and High Point shall not be obligated to provide transportation service hereunder in excess of the Maximum Daily Reservation Quantity so specified.

2.4 High Point shall not be obligated to enter into a Firm Service Agreement at less than the maximum rate for service under this rate schedule.

3. **RATES AND CHARGES**

The applicable charges for transportation services provided under this rate schedule are set forth in the currently effective Section 4 of this FERC Gas Tariff. For all transportation service rendered under this rate schedule, Shipper shall pay High Point each Month the sum of the Reservation Charge, Usage Charge and any other charges, as authorized under the provisions of this FERC Gas Tariff, as follows:
3.1 Reservation Charge: An amount determined as the product of:

   a. The Shipper’s Maximum Daily Reservation Quantity specified in Exhibit B of the Firm Service Agreement; and

   b. The Reservation Rate(s) per Dth set forth from time to time in the currently effective Section 4 of this FERC Gas Tariff.

3.2 Usage Charge: An amount determined as the product of:

   a. The total quantity of gas in Dths received by High Point for the account of Shipper during the billing Month less Unaccounted For Gas; and

   b. The Usage Rate(s) per Dth set forth from time to time in the then currently effective Section 4 of this FERC Gas Tariff.

3.3 ACA Unit Charge: In addition to the charges pursuant to this Section of this Rate Schedule, the ACA unit charge, which is posted in the annual notice entitled “FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge” on the Commission’s website (www.ferc.gov), as set forth in Section 6.28 of the General Terms and Conditions of this FERC Gas Tariff.

3.4 Other charges: Any other charges authorized from time to time under the provisions of this FERC Gas Tariff, including in accordance with Section 6.27 of the General Terms and Conditions the applicable Hurricane Surcharge as set out in the currently effective Section 4 of this FERC Gas Tariff. In addition, for any Authorized Overruns, Shipper shall pay an amount equal to the Authorized Overrun Rate multiplied by the total quantity of gas in Dths that are Authorized Overruns.

3.5 Suspension of Reservation Charges

   a. Force Majeure: If High Point is rendered unable, wholly or in part, by force majeure (as defined in Section 6.22 of the General Terms and Conditions) to perform its firm transportation obligations under any Rate Schedule FTS agreement for a period of time greater than ten (10) consecutive days, then for each day beyond ten (10) days that High Point is rendered unable, wholly or in part, to so perform its firm transportation obligations under any Rate Schedule FTS agreement, Shipper shall be relieved of its obligation to make payments for reservation charges under such Rate Schedule FTS agreement applicable to that portion of the firm transportation service that is affected by force majeure, from the inception of High Point’s inability to perform its firm transportation obligations until the inability is corrected, but for no longer period. The suspension of Shipper’s obligation to make reservation charge payments shall be based on the lesser of: (i) the nominated volumes which High Point fails to deliver to Shipper’s Primary Delivery Point(s) during any such outage period; and (ii) the daily average volume nominated by such Shipper for firm delivery at Shipper’s Primary Delivery Point(s) during the seven (7) day period prior to the beginning of such force majeure outage, for each day of High Point’s failure to perform its firm transportation obligation. Shipper shall remain obligated to make payments for all or any portion of the reservation charges applicable to firm
transportation service provided under a Rate Schedule FTS agreement when High Point is capable, wholly or in part, of performing its firm transportation obligations and High Point’s ability to perform such obligations is not affected by force majeure. High Point shall assess each Shipper receiving firm transportation services that Shipper’s proportionate share of reservation charges for any period beyond ten (10) days during which High Point is incapable of performing all of its firm transportation obligations. Reservation charges will not be suspended for force majeure events that do not occur on High Point’s system (e.g., an event on a shipper’s facilities or another pipeline’s facilities).

b. Non-Force Majeure: Except as otherwise provided in the General Terms and Conditions of this FERC Gas Tariff, if High Point fails, wholly or in part, to perform its firm transportation obligations under any Rate Schedule FTS agreement by delivering the volume of gas which High Point is obligated to deliver on a firm basis at Shipper’s Primary Delivery Point(s), based on such quantity as Shipper has nominated, Shipper shall, except as otherwise provided in this Section, be relieved of its obligation to make payments for reservation charges under such Rate Schedule FTS agreement applicable to the firm transportation for Shipper’s nominated volumes of gas which High Point is obligated to deliver at Shipper’s Primary Delivery Point(s) that High Point fails to provide, from the inception of High Point’s failure to so perform its firm transportation obligations until such failure is corrected, but for no longer period. Provided, however, that if High Point’s failure to deliver firm volumes is due to a non-force majeure cause of which Shipper was provided with advance notice by High Point prior to scheduling quantities for the period of such service outage, the suspension of Shipper’s obligation to make reservation charge payments shall be based on the lesser of: (i) the nominated volumes which High Point fails to deliver to Shipper’s Primary Delivery Point(s) during any such outage period; and (ii) the daily average volume nominated by such Shipper for firm delivery at Shipper’s Primary Delivery Point(s) during the seven (7) day period prior to the beginning of such pre-scheduled service outage, for each day of High Point’s failure to perform its firm transportation obligation.

4. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions contained in this FERC Gas Tariff, including any future modifications, additions or deletions, from and after their effective dates, are applicable to firm transportation service rendered under this rate schedule and, by this reference, are incorporated and hereby made a part of this rate schedule. If, and to the extent, the provisions of this rate schedule conflict with the provisions of the General Terms and Conditions, the provisions of this rate schedule shall govern. Service to any Shipper utilizing a Delivery Point on Destin Pipeline shall be subject to all of the requirements in the FERC-approved Tariff of Destin Pipeline.
RATESCHEDULEITS
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

This rate schedule is available to any Shipper for interruptible transportation of gas by High Point under the authority and provisions of Part 284 of FERC’s regulations, provided that:

1.1 High Point determines that from time to time it has available capacity to render the interruptible transportation service and that it is able to provide said transportation;

1.2 Any construction, acquisition, or expansion of facilities necessary to commence and provide the interruptible transportation service has been completed;

1.3 Shipper satisfies the creditworthiness criteria in accordance with Section 6.11.5 of the General Terms and Conditions; and

1.4 Shipper executes an Interruptible Service Agreement in the form contained in Section 7.2 of this FERC Gas Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Transportation service hereunder, through all or any portion of the System, shall be interruptible, subject to the availability of capacity and High Point operating conditions and System requirements, to the provisions of the Interruptible Service Agreement and to the General Terms and Conditions incorporated herein by reference.

2.2 Transportation service hereunder shall consist of the acceptance by High Point of gas tendered for the account of Shipper for transportation from the Receipt Point(s) specified in the Interruptible Service Agreement, the transportation of that gas through the System, and the delivery of Equivalent Quantities for the account of Shipper at the Delivery Point(s) specified in the Interruptible Service Agreement.

2.3 Transportation service provided under this rate schedule shall be limited to Shipper’s Maximum Daily Transportation Quantity specified in the Interruptible Service Agreement and High Point shall not be obligated to provide transportation service hereunder in excess of the Maximum Daily Transportation Quantity so specified.

2.4 High Point shall not be obligated to enter into an Interruptible Service Agreement at less than maximum rate for service under this rate schedule.

3. RATES AND CHARGES

The applicable charges for transportation services provided under this rate schedule are set forth in the currently effective Section 4 of this FERC Gas Tariff. For all transportation service rendered under this rate schedule, Shipper shall pay High Point each Month the sum of the Usage Charge and any other charges, as authorized under the provisions of this FERC Gas Tariff, as follows:
3.1 Usage Charge: An amount determined as the product of:

a. The total quantity of gas in Dths received by High Point for the account of Shipper during the billing Month less Unaccounted For Gas; and

b. The Usage Rate(s) per Dth set forth from time to time in the then currently effective Section 4 of this FERC Gas Tariff.

3.2 ACA Unit Charge: In addition to the charges pursuant to this Section of this Rate Schedule, the ACA unit charge, which is posted in the annual notice entitled “FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge” on the Commission’s website (www.ferc.gov), as set forth in Section 6.28 of the General Terms and Conditions of this FERC Gas Tariff.

3.3 Other charges: Any other charges authorized from time to time under the provisions of this FERC Gas Tariff, including in accordance with Section 6.27 of the General Terms and Conditions the applicable Hurricane Surcharge as set out in the currently effective Section 4 of this FERC Gas Tariff.

4. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions contained in this FERC Gas Tariff, including any future modifications, additions or deletions, from and after their effective dates, are applicable to interruptible transportation service rendered under this rate schedule and, by this reference, are incorporated and hereby made a part of this rate schedule. If, and to the extent, the provisions of this rate schedule conflict with the provisions of the General Terms and Conditions, the provisions of this rate schedule shall govern. Service to any Shipper utilizing a Delivery Point on Destin Pipeline shall be subject to all of the requirements in the FERC-approved Tariff of Destin Pipeline.
1. **AVAILABILITY**

This rate schedule is available, for the aggregation of gas supply as provided for in Section 5.3.2 of this rate schedule, to any Shipper that has entered into a Service Agreement under Rate Schedule FTS or ITS.

1.1 Shipper shall execute a Service Agreement in the form contained in Section 7.3 of this FERC Gas Tariff.

1.2 Shipper shall satisfy the creditworthiness criteria in accordance with Section 6.11.5 of the General Terms and Conditions.

2. **APPLICABILITY AND CHARACTER OF SERVICE**

2.1 This rate schedule shall apply to all gas supply that is nominated to a Pooling Point.

2.2 All Receipt Point(s) on the System are eligible for aggregation.

2.3 Quantities nominated for receipt under this rate schedule must equal the quantities nominated for delivery.

2.4 Shipper may provide rankings for gas nominated for receipt and delivery under this rate schedule. High Point shall use the Shipper-provided rankings when scheduling and curtailing gas, when this does not conflict with tariff-based rules. Nominations without a ranking will be scheduled on a pro rata basis.

2.5 Any imbalance between actual quantities received and delivered will be allocated to the Shipper. Any imbalance must be resolved in accordance with the imbalance resolution procedures specified in the General Terms and Conditions.

2.6 Shipper may deliver gas to a physical Delivery Point; however, Shipper must submit a nomination to deliver gas.

3. **RATE AND CHARGES**

3.1 There will be no separate charge for this service, although other charges, e.g., for imbalance resolution, may apply. Transportation charges are assessed under the applicable Service Agreement on which the gas is nominated for transportation to a Pooling Point.
3.2 Unaccounted For Gas Retention Percentage will be collected on the applicable Service Agreement under which the gas is nominated for transportation to a Pooling Point.

4. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions contained in this FERC Gas Tariff, including any future modifications, additions or deletions, from and after their effective dates, are applicable to the service rendered under this rate schedule and, by this reference, are incorporated and hereby made a part of this rate schedule. If, and to the extent, the provisions of this rate schedule conflict with the provisions of the General Terms and Conditions, the provisions of this rate schedule shall govern. Service to any Shipper utilizing a Delivery Point on Destin Pipeline shall be subject to all of the requirements in the FERC-approved Tariff of Destin Pipeline.
RANGE SCHEDULE PAL
PARK AND LOAN SERVICE

1. AVAILABILITY

This rate schedule is available to any Shipper for the parking and loaning of natural gas on an interruptible, nondiscriminatory basis.

1.1 Shipper shall execute a Service Agreement in the form contained in Section 7.4 of this FERC Gas Tariff. Any references to a Service Agreement in this rate schedule shall mean the Service Agreement for park and loan (“PAL”) services.

1.2 Shipper shall satisfy the creditworthiness criteria in accordance with Section 6.11.5 of the General Terms and Conditions.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This rate schedule shall apply to all PAL services rendered by High Point for Shipper.

2.2 PAL services under this rate schedule shall be provided for a minimum of one (1) day and a maximum period as set forth in the Service Agreement.

The term and quantity(ies) of each PAL service shall be set forth in the Service Agreement.

PAL transactions will occur at a Point of Transaction (“PT”) designated by High Point.

2.3 Service under this rate schedule will be provided as follows:

a. Park Service: “Park Service” is an interruptible service which provides for:
   i. High Point’s receipt of gas quantities that have been delivered by Shipper to a PT on the System;
   ii. High Point holding the parked quantities on the System; and
   iii. High Point’s return of parked quantities of gas to Shipper at the PT where Shipper delivered the gas.
High Point shall hold the quantity of gas parked under the Service Agreement for Shipper up to the term as specified in the Service Agreement. High Point shall then return such parked gas to Shipper at the PT where Shipper tendered gas to High Point subject to the nomination procedures set forth in Section 5.4.4 of this rate schedule.

b. Loan Service: “Loan Service” is an interruptible service which provides for:

i. Shipper’s receipt of gas quantities from High Point at a PT on the System; and
ii. Shipper’s return of the loaned gas quantities to High Point at the PT where Shipper received the gas.

High Point shall make the quantity of gas loaned under the Service Agreement available at the PT for a time period up to the maximum term as specified in the Service Agreement. Loaned quantities shall be returned to High Point at the PT where Shipper received gas, subject to the nomination procedures set forth in Section 5.4.4 of this rate schedule.

c. A combination of Park Service and Loan Service under the same Service Agreement.

2.4 The parking and loaning of natural gas under this rate schedule shall be on an interruptible basis and shall be scheduled when and to the extent that High Point determines, using its reasonable discretion, that capacity is available on its existing facilities and that it has the operational flexibility to provide the service without detriment or disadvantage to High Point’s firm or interruptible transportation services.

2.5 Service under this rate schedule will be made available on a first come, first served basis, to any Shipper willing and able to pay maximum rates or such other rate mutually agreed upon by High Point and Shipper, subject to all applicable provisions of the General Terms and Conditions of High Point’s FERC Gas Tariff. High Point shall be under no obligation to provide service under this rate schedule at less than the maximum rate.

2.6 High Point shall not be required to provide service under this rate schedule that would require High Point to install, operate or maintain any additional facilities.
3. **QUALIFICATIONS FOR SERVICE**

In addition to the information provided in the Service Agreement, Shipper also shall provide the following information to High Point with its initial request for service:

a. Certification - Certification from Shipper that:
   
   i. Shipper will warrant for itself, its successors and assigns, that it will at the time of delivery to High Point have title to all gas free and clear of all liens, encumbrances, and claims whatsoever. Shipper will indemnify High Point and hold it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of adverse claims of any or all persons or parties to said gas, including claims for royalties, taxes, license fees or charges applicable to such gas or to the delivery thereof to High Point under this rate schedule and;
   
   ii. it has entered into all necessary arrangements to assure that upstream and downstream transportation, if any, will be in place prior to the commencement of service on the System.

b. Credit information - Shipper shall furnish credit information as prescribed in Section 6.11.5 of the General Terms and Conditions.

4. **NOMINATIONS AND SCHEDULING**

4.1 Shipper shall nominate PAL services under this rate schedule in accordance with the nomination deadlines set forth in Section 6.6 of the General Terms and Conditions. Shipper shall nominate the agreed upon park or loan quantities at the PT. Such nominated quantities shall be subject to confirmation by High Point. The confirmed quantity shall be deemed the scheduled quantity provided that Shipper’s corresponding transportation service is scheduled.

4.2 The park or loan quantity of gas nominated on a daily basis shall equal the agreed upon daily quantity of gas stated in the Service Agreement unless otherwise mutually agreed upon by both High Point and Shipper. The total park or loan quantity of gas shall equal the total park or loan quantity agreed upon in the Service Agreement unless High Point and Shipper mutually agree to a different total quantity. High Point shall not schedule any overrun quantities under the Service Agreement which encroach upon any services provided to other Shippers. High Point may terminate the Service Agreement if Shipper nominates quantities other than either the daily or total quantity in the Service Agreement or the mutually agreed upon quantity. High Point may decrease Shipper’s nominations to the extent Shipper consistently over-nominates quantities that High Point has scheduled and Shipper fails to deliver to High Point.
4.3  PAL services will be provided on an interruptible basis. Interruption of PAL services may include decreasing, temporarily suspending, or discontinuing the receipt or delivery of gas if High Point in its reasonable discretion determines that such decrease, suspension or discontinuance is necessary to maintain System integrity or when a higher priority service so requires.

4.4  If, on any day, Shipper nominates quantities of gas to be withdrawn from or deposited into its PAL account, but High Point is unable to confirm and schedule any of the quantities nominated, High Point shall suspend the Park and/or Loan Service rate charges for that quantity not scheduled until High Point is able to schedule the quantity nominated.

Additionally, High Point and Shipper may mutually agree to extend the agreed upon term, in the event it is operationally feasible, if Shipper’s account balance is not zero on the last day of the agreed upon term as set forth in the Service Agreement in order to reach a zero balance.

5.  NOTIFICATIONS, ALLOCATIONS AND LIMITATIONS

5.1  For purposes of restricting PAL services, High Point will give priority to Service Agreements with the highest average rate on a per unit basis to High Point. Such unit rate shall be calculated by taking the total revenue generated during the term of the Service Agreement and dividing by the total park and loan quantity to arrive at the average rate on a per unit basis. For purposes of calculating the average unit rate, Shippers willing to pay more than the maximum rate listed in Section 4 of this FERC Gas Tariff will be considered to be paying the maximum tariff rate. Service will be allocated or limited on a pro rata basis among Shippers with the same average unit rate for PAL services.

5.2  Shipper may be required, upon notification from High Point, to suspend or reduce deliveries for the agreed upon Park Service, or receipts for the agreed upon Loan Service. Further, Shipper may be required, upon notification from High Point, to remove quantities of gas previously provided to High Point under the Park Service, or return quantities of gas previously loaned to Shipper under the Loan Service.

5.3  Should High Point notify Shipper to remove or return quantities of gas pursuant to Section 5.4.5.2 of this rate schedule, High Point's notification shall specify the time frame within which Park Service quantities shall be removed, and/or Loan Service quantities shall be returned. Such notifications shall be consistent with High Point’s operating conditions, but in no event shall the specified time frame be less than three (3) calendar days from the date of High Point’s notification unless High Point and Shipper mutually agree to a different time frame.

5.4  In the event Shipper makes a timely nomination in response to a notification by High Point pursuant to Section 5.4.5.3 of this rate schedule, the obligation of Shipper to comply with
that notification shall be suspended until such time as High Point’s operational conditions allow High Point to schedule the nomination.

6. **RATES AND CHARGES**

6.1 The daily unit rate for service under this rate schedule is shown in the effective Section 4 of this FERC Gas Tariff. This rate shall be applied to the daily balance in Shipper's PAL account for each separate transaction for each day service is tendered by High Point. The monthly charges for PAL services shall be the product of the quantities of gas in Shipper's PAL account for each separate transaction and the maximum or mutually agreed upon rate for the applicable day(s) service is provided by High Point. Charges shall commence on the first day of the agreed upon transaction and continue until Shipper's account balance reaches zero or until the last day of the agreed upon term as set forth in the Service Agreement.

6.2 Notwithstanding the fact that the charge to be paid by Shipper hereunder is a daily charge, High Point shall bill Shipper for the charges incurred hereunder on a monthly basis unless High Point has agreed to bill Shipper according to an alternate payment schedule such as at the end or beginning of the PAL transaction. If applicable, High Point may also agree to bill Shipper a fixed monthly charge or an agreed upon total charge for the PAL transaction utilizing a variable daily rate provided that such variable daily rate does not exceed High Point’s applicable maximum rate.

7. **PENALTIES**

7.1 Park Service:

a. In the event any of the following occurs, parked quantities shall become the property of High Point at no cost to High Point, free and clear of any adverse claims:

i. High Point’s prevailing operations require High Point to notify Shipper that deliveries of parked quantities must be suspended or be reduced, and Shipper fails to comply with such notification; and/or

ii. High Point’s prevailing operations require High Point to notify Shipper that all or part of Shipper's parked quantities must be removed, and Shipper fails to comply within the specified time frame; and/or

iii. the PAL account reflects a positive balance at the termination date of the Service Agreement and High Point and Shipper have not otherwise agreed to extend the termination date; and/or
iv. Shipper does not comply with the terms of the parked transaction.

b. If, pursuant to Section 5.4.7.1(a)(i) of this rate schedule, High Point notifies Shipper that deliveries of parked quantities must be suspended or be reduced, only those quantities parked in violation of the notification shall become the property of High Point at no cost to High Point, free and clear of any adverse claims.

c. In the event the operational conditions on the System permit, High Point, at its option, may forego its rights under Section 5.4.7.1(a)(iii) of this rate schedule provided that Shipper agrees to implement a new PAL transaction at a new rate(s) for a period specified by High Point. High Point's agreement to enter into a new transaction for a new period as provided above shall not forego High Point's rights under this section at the termination date of the new PAL transaction.

d. In the event that a PAL account for Park Service reflects a negative balance at the termination date of the Service Agreement, those overdrawn quantities shall be sold to Shipper at 150% of the highest weekly index price per Dth, as provided in Section 5.4.7.2(a) of this rate schedule, during the term of the transaction.

7.2 Loan Service

a. In the event any of the following occurs, loaned quantities shall be sold to Shipper at 150% of the highest weekly index price per Dth established under Natural Gas Intelligence’s Average Weekly Price Index, “South Louisiana,” “Southern Natural,” during the term of the agreed upon transaction:

   i. High Point’s prevailing operations require High Point to notify Shipper that receipt of Shipper’s loaned quantities must be suspended or be reduced, and Shipper fails to comply with such notification or continues to nominate loaned quantities; and/or

   ii. High Point’s prevailing operations require High Point to notify Shipper that all or part of Shipper's loaned quantities must be returned to High Point, and Shipper fails to comply within the specified time frame; and/or

   iii. the PAL account reflects a negative balance at the termination date of the Service Agreement and High Point and Shipper have not otherwise agreed to extend the termination date; and/or

   iv. Shipper does not comply with the terms of the loaned transaction.
b. If, pursuant to Section 5.4.7.2(a)(i) of this rate schedule, High Point notifies Shipper that receipt of Shipper's loaned quantities must be suspended or be reduced, only those quantities loaned in violation of the notification shall be sold to Shipper at 150% of the highest weekly index price as provided above.

c. In the event the operational conditions on the System permit, High Point, at its option, may forego its rights under Section 5.4.7.2(a)(iii) of this rate schedule provided that Shipper agrees to implement a new PAL transaction at a new rate(s) for a period specified by High Point. High Point's agreement to enter into a new transaction for a new period as provided above shall not forego High Point's rights under this section at the termination date of the new PAL transaction.

d. In the event that a PAL account for Loan Service reflects a positive balance at the termination date of the Service Agreement, those overpaid quantities shall become the property of High Point at no cost to High Point free and clear of any adverse claims.

7.3 If on a consistent basis for a period of one or more days, Shipper's deliveries to or receipts from the PT are less than or exceed the scheduled quantities such that Shipper is encroaching on other shipper's services, High Point may cancel the PAL transaction.

7.4 At any time that operational conditions on the System may so require, High Point may issue an operational flow order, as the applicable circumstances may allow pursuant to the relevant provisions of the operational flow orders set forth in Section 6.7 of the General Terms and Conditions. The terms of the relevant provisions listed in Section 6.7 of the General Terms and Conditions shall apply to service under this rate schedule.

8. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions contained in this FERC Gas Tariff, including any future modifications, additions or deletions, from and after their effective dates, are applicable to the service rendered under this rate schedule and, by this reference, are incorporated and hereby made a part of this rate schedule. If, and to the extent, the provisions of this rate schedule conflict with the provisions of the General Terms and Conditions, the provisions of this rate schedule shall govern. Service to any Shipper utilizing a Delivery Point on Destin Pipeline shall be subject to all of the requirements in the FERC-approved Tariff of Destin Pipeline.
6.1. DEFINITIONS

The following terms, when used in this FERC Gas Tariff, the General Terms and Conditions, or in any Service Agreement executed for service under a rate schedule contained in this FERC Gas Tariff, shall have the following meanings:

1. “Available Capacity” means the quantitative ability of the System to provide gas transportation service up to its certificated quantity. The ability of the System to provide gas transportation service may be limited by changes in prevailing operating pressures, temperatures, gas flow rates and gas flow directions within any portion(s) of the System, including any Receipt Point(s) or the Delivery Point(s); physical capacity limitations of compressors, regulators, valves, pipelines, measuring facilities or appurtenances to the System; necessary testing, maintenance, repair, overhaul, alteration, modification, replacement, enlargement, or construction of pipelines, compressors, metering, regulating, and other facilities and equipment appurtenant to the System.

2. “Authorized Overrun” means a nomination in excess of a Shipper’s Maximum Daily Reservation Quantity that has been accepted, confirmed and scheduled by High Point.

3. “Btu” means a British thermal unit measured at a pressure of 14.73 Psia at 60 degrees Fahrenheit on a dry basis. The standard Btu is the International Btu, which is also called the Btu(IT).

4. “Bump” means the displacement of a scheduled interruptible service during the evening or Intraday 1 and Intraday 2 nomination cycles resulting from the scheduling of increased firm nominations during a cycle.


6. “Central Clock Time” means Central standard time throughout the year, as adjusted for daylight savings time. Any reference to Central Time is Central Clock Time.

7. “Confirmation Letter” means a document evidencing Shipper’s commitment to execute a Firm Service Agreement in accordance with the procedures under Section 6.12.2 of the General Terms and Conditions.

8. “Confirmation Requester” means a service provider (including a point operator) that is seeking to confirm a quantity of gas via the information outlined in NAESB Standard 1.4.3 with another service provider (the Confirming Party) with respect to a nomination at a location.
9. “Confirming Party” means a service provider (including a point operator) that provides a confirmation for a quantity of gas via the information outlined in NAESB Standard 1.4.4 to another service provider (the Confirmation Requester) with respect to a nomination at a location.

10. “Critical Notice” means information on conditions on the System that affect scheduling or adversely affect scheduled gas flow. Critical Notices will be posted separately on High Point’s Internet Home Page.

11. “Day” means a period of twenty-four (24) consecutive hours beginning and ending at nine (9:00) a.m., Central Clock Time. The date of a day shall be that of its beginning.

12. “Dekatherm (Dth)” means one million Btus and shall be the standard unit for purposes of nominations, scheduling, confirmations, allocations, invoicing and balancing.

13. “Delivery Point(s)” means the point(s) on the System where quantities of gas may be delivered by High Point for the account of Shipper.

14. “Designated Site” means High Point’s Internet Address or the Shipper’s Internet Address or Fax Number, the latter as specified by the Shipper.

15. “Destin Pipeline” means Destin Pipeline Company, L.L.C.

16. “EDI” means Electronic Data Interchange in accordance with NAESB Standards.

17. “Electronic Notice Delivery” is the term used to describe the delivery of notices via Internet E-mail and/or EDI/EDM.

18. “Elapsed Pro Rata Capacity” is the term that describes that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity.

19. “Elapsed-Prorated-Scheduled Quantity” means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the Intraday Nomination being confirmed based upon a cumulative uniform hourly quantity for each nomination period affected.

20. “Equivalent Quantities” means the sum of the quantities of gas expressed in Dth received by High Point for the account of Shipper at the Receipt Point(s) during any given period of time, reduced by Shipper’s share of Unaccounted For Gas, based on the Unaccounted For Retention Percentage set forth in Section 6.31 of this FERC Gas Tariff any Fuel Retention and variations in gas volumes due to transport of Liquids and/or Liquefiables (to such a degree as practicable) plus Shipper’s Separator Gas.
21. “FERC” means the Federal Energy Regulatory Commission or any federal commission, agency or other governmental body or bodies succeeding to, lawfully exercising or superseding any powers that are exercisable by the Federal Energy Regulatory Commission.

22. “Firm Service Agreement” means the written executed agreement, on the form prescribed in this FERC Gas Tariff, applicable to Rate Schedule FTS.

23. “Fuel Retention” means that amount of gas expressed in Dth, Mcf or a percentage charged High Point by either or both of High Point Gas Gathering or Destin Pipeline.

24. “Gas” or “gas” means hydrocarbon natural gas, including oil well gas produced with crude oil, gas from gas wells, and residue gas from processing either oil well gas or gas well gas, or both.

25. “General Terms and Conditions” means the general terms and conditions of this FERC Gas Tariff.

26. “Heating Value” means the number of British thermal units produced by complete combustion at constant pressure of the amount of gas that would occupy a volume of one (1) cubic foot at a temperature of sixty degrees Fahrenheit (60°F), and under a pressure equivalent to that of thirty inches of mercury (30” Hg) at thirty-two degrees Fahrenheit (32°F), and under gravitational force acceleration (980.665 cm. per sec. per sec.), with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, when the water formed by combustion is condensed to the liquid state, and corrected for any water vapor in excess of seven pounds per million cubic feet of gas (7 lbs/MMcf). Heating Value determined by calculation from composition analysis according to GPA Publication 2172-84, as amended or revised, shall be converted to figures that reflect the actual condition of the gas on receipt or delivery and adjusted for temperature, pressure, water content or compressibility.

27. “Interruptible Service Agreement” means the written executed agreement, on the form prescribed in this FERC Gas Tariff, applicable to Rate Schedule ITS.

28. “Intraday Nomination” means a nomination submitted after the nomination deadline that is effective no earlier than the beginning of the Gas Day and runs through the end of the Gas Day.

29. “Liquefiables” mean those hydrocarbons included in the gas stream measured at the Delivery Point(s) measurement station which are (i) liquefied by, recovered by, lost and/or consumed by a gas processing plant and which are not redelivered to the System downstream of such plant and (ii) produced in conjunction with gas transported through the System.
“Liquids” mean those hydrocarbon liquids (commonly called condensate) produced in association with gas transported through the System and which are injected into the System and finally removed from the System at a liquid separation facility; provided, however, that Liquids shall not include crude oil.

“Maximum Daily Reservation Quantity” means the maximum quantity of gas that High Point is obligated to receive and/or deliver for the account of Shipper as specified in Exhibit B of a Firm Service Agreement between Shipper and High Point. The Maximum Daily Reservation Quantity at Receipt Point(s) is equal to the Maximum Daily Reservation Quantity for Delivery Point(s) plus a percentage gross-up to account for Unaccounted For Gas.

“Maximum Daily Transportation Quantity” means the maximum quantity of gas that High Point is obligated to receive and deliver for the account of Shipper as specified in Exhibit B of a Interruptible Service Agreement between Shipper and High Point. The Maximum Daily Transportation Quantity at Receipt Points is equal to the Maximum Daily Transportation Quantity for Delivery Point(s) plus a percentage gross-up to account for Unaccounted For Gas.

“Month” means the period beginning on the first day of a calendar month and ending on the first day of the succeeding calendar month.


“NAESB Standards” means those business and electronic communication standards promulgated by NAESB and adopted, to the extent codified, by FERC in its regulations.

“Nomination” means a line item containing all defined components. A line shall contain the following components: Beginning Date, Beginning Time, Delivery Location, Delivery Rank, Downstream Contract Identifier, Downstream Identifier Code, Ending Date, Ending Time, Model Type, Nominator’s Tracking Number, Package ID, Quantity, Quantity Type Indicator, Receipt Location, Receipt Rank, Service Requestor, Service Requestor Contract, Time Stamp, Transaction Type, Transportation Service Provider, Upstream Contract Identifier, Upstream Identifier Code.

“Operational Balancing Agreement (OBA)” means an agreement between High Point and an upstream Operator at Receipt Point(s) or downstream Operator at the Delivery Point(s) that specifies the procedures to manage operating variances at an interconnect.

“Operational Flow Order (OFO)” means an order issued to alleviate conditions, inter alia, that threaten or could threaten the safe operations or integrity of the System or to maintain operations required to provide efficient and reliable firm service.

“Operator” means any individual, firm, or corporation, or its agent, assignee, or other
legal representative, that owns gas production, or owns and/or operates gas production, processing or upstream or downstream pipeline facilities that are directly connected to the System, and who is responsible for the confirmation, scheduling, receipt or delivery, and the allocation of gas through such interconnecting facility.

40. “Package ID” means a code assigned by the Shipper that is intended to be used to differentiate between business transactions.

41. “Pooling” means 1) The aggregation of gas from multiple physical and/or logical points to a single physical or logical point, and/or 2) the disaggregation of gas from a single physical or logical point to multiple physical and/or logical points.

42. “Pooling Point” means a logical point where supply is aggregated or disaggregated; this point is not a physical point in the System, but is used solely for nomination and scheduling purposes in order to allow Shipper to aggregate gas supplies. On the System, pooling is available under Rate Schedule PS.

43. “Predetermined Allocation (PDA)” means an instruction from the owner of gas that is submitted in advance of gas flow and that tells High Point how much, in what order to allocate and to whom to allocate after gas has flowed. High Point will support PDA methodology types: Ranked, Pro Rata, Swing Percentage, and Operator Provided Value (“OPV”). The same standard allocation methodologies should be available for use at all points. If the two parties cannot agree upon an allocation methodology, pro rata based upon confirmed nomination should be used as the default method. The party responsible for custody transfer (the party performing the measurement function) should provide the allocation.

44. “Primary Delivery Point(s)” means the point(s) on the System where quantities of gas may be delivered by High Point for the account of Shipper, as described in Exhibit B of a Firm Service Agreement between Shipper and High Point.

45. “Primary Receipt Point(s)” means the point(s) on the System where quantities of gas may be received by High Point for the account of Shipper, as described in Exhibit A of a Firm Service Agreement between Shipper and High Point.

46. “Psia” means pounds per square inch absolute.

47. “Psig” means pounds per square inch gauge.

48. “Quick Response” means a notification via EDI of receipt of and validation of information submitted via EDI.
49. “Receipt Point(s)” means any point on the System where quantities of gas may be received by High Point for the account of Shipper.

50. “Releasing Shipper” means a Shipper receiving service pursuant to a Firm Service Agreement who seeks to release capacity in accordance with High Point’s capacity release program set out in Section 6.12 of this FERC Gas Tariff.

51. “Replacement Shipper” means any party who acquires capacity in accordance with High Point’s capacity release program pursuant to Section 6.12 of the General Terms and Conditions.

52. “Secondary Receipt Point(s)” means the point(s) on the System where quantities of gas may be received by High Point for the account of Shipper under a Firm Service Agreement, as nominated by Shipper.

53. “Separator Gas” means that quantity of gas given off by the Liquids upon separation in the process of separating the Liquids from the gas.

54. “Service Agreement” means the written executed agreement, in the form prescribed in this FERC Gas Tariff, applicable to the particular rate schedule under which service is being provided.

55. “Shipper” means the party receiving service pursuant to a Service Agreement.

56. “Standard Cubic Foot” means the standard unit of volume for the purpose of measurement equal to the amount of gas contained in one (1) cubic foot of space when the gas is at a temperature of sixty degrees Fahrenheit (60°F) and at an absolute pressure of fourteen and seventy-three hundredths pounds per square inch (14.73 psia). Scf shall mean one standard cubic foot. Mcf shall mean one thousand standard cubic feet. MMcf shall mean one million standard cubic feet.

57. “System” means the pipeline, pipeline laterals, measurement, and related facilities owned, leased, or operated by or for High Point, including any off-system capacity leased or subscribed for by High Point.

58. “Title” is the term used to identify the ownership of gas, unless otherwise addressed in a Service Agreement or this FERC Gas Tariff.

59. “Title Transfer” means the change of title to gas between parties at a location.

60. “Title Transfer Tracking” means the process of accounting for the progression of the title changes from party to party that does not effect a physical transfer of the gas.
61. “Transportation” means exchange, backhaul, displacement or other methods of transportation.

62. “Transportation Service Provider (TSP)” means, for purposes of the NAESB WGQ standards, High Point. The term Transportation Service Provider as used in the NAESB WGQ standards is not necessarily the same as a Transmission Provider as defined in Title 18 of the Code of Federal Regulations.

63. “Unaccounted For Gas” means the difference between the sum of all receipts of gas into the System and the sum of all deliveries of gas out of that portion of the System owned by High Point including gas for company use, leakage or actual losses, discrepancies due to meter inaccuracies, variations of temperature, pressure and composition, and other variants; each of the foregoing adjusted to such a degree as is practicable for variations in gas volumes due to transport of Liquids and/or Liquefiables.

64. “Unaccounted For Gas Percentage” means the charge as set out in the currently effective Section 6.31 of this FERC Gas Tariff.
6.2. OPERATING PROVISIONS FOR FIRM SERVICE

6.2.1 Availability of Firm Service

Firm service under this FERC Gas Tariff shall be provided when, and to the extent that, High Point determines that capacity is available on the System, which capacity is not subject to a superior claim by another Shipper. Existing uncommitted firm capacity will be posted on High Point’s Internet Home Page and will be made available in accordance with the provisions of Section 6.2.2 of the General Terms and Conditions.

6.2.2 Shipper Requests for Firm Service

Requests for firm service hereunder shall be made by providing the specific information in Section 6.5 of the General Terms and Conditions. Request for Service forms shall be submitted to High Point, Attention: Manager, Commercial Operations. High Point shall consider all complete requests in the order received and will notify Shipper in writing of the acceptance of a complete request.

6.2.3 Receipt And Delivery Point Designations

Each Receipt Point and Delivery Point specified by a Shipper requesting firm transportation service shall be considered as Primary Receipt Point(s) and Primary Delivery Point(s) for firm transportation service under a Firm Service Agreement. Unless otherwise agreed, each Shipper’s Maximum Daily Reservation Quantity must be allocated among the Primary Receipt Points such that the Maximum Daily Reservation Quantity equals the sum of the individual maximum daily quantities for Primary Receipt Points, as well as the maximum daily quantity for the Primary Delivery Points.

6.2.4 Changes to Receipt Point Designations

A Shipper may amend its Firm Service Agreement to add Primary Receipt Points, or delete Primary Receipt Points or modify Primary Receipt Point maximum daily quantities provided capacity is available to provide firm service at such points. A Shipper may change Primary Receipt Points upon twenty-four (24) hours’ notice, provided such capacity is posted as available on High Point’s Internet Home Page. If such capacity is not posted as available, Shipper may change Primary Receipt Points upon not more than five (5) Business Days’ notice, provided High Point determines that capacity is available to accommodate the requested change.

Unless otherwise agreed, the Maximum Daily Reservation Quantity must be allocated such that the Maximum Daily Reservation Quantity equals the sum of the individual maximum daily quantities for Primary Receipt Points for an amended Firm Service Agreement, as adjusted for appropriate reductions.
6.2.5 Secondary Points

All System points, including Primary Receipt Points where capacity exists in excess of capacity allocated to provide Primary Receipt Point firm transportation service, will be available for scheduling as Secondary Receipt Points. High Point shall not limit the number of Primary and Secondary Receipt Points that a firm Shipper may request to utilize, as long as the sum of nominated volumes at Shipper’s Primary and Secondary Receipt Points does not exceed Shipper’s Maximum Daily Reservation Quantity. Any discounted Reservation Rate for firm transportation service between Primary Receipt and Delivery Points will not automatically transfer to service using Secondary Receipt Points, unless High Point directs Shipper to use a secondary point for operational reasons, pursuant to Section 6.7 of the General Terms and Conditions.

6.2.6 Requests For Operating Data

Upon request by High Point, Shipper shall submit estimates of daily, monthly and annual quantities of gas to be transported, including peak day requirements, together with the estimated amounts thereof applicable to each Primary Receipt Point and Primary Delivery Point. High Point shall use such information and operating data to determine the System’s Available Capacity, to evaluate potential System capacity needs, to plan its maintenance and repair operations, and to assure adequate service to its Shippers.

6.2.7 Available Capacity

High Point will make capacity available for firm service to the extent that High Point determines it is operationally feasible. If operating conditions ever limit High Point’s ability to provide firm service, then High Point shall provide such service on the basis described in Section 6.7 of the General Terms and Conditions.

6.2.8 Uniform Hourly Deliveries

The Gas shall be delivered and redelivered as nearly as practicable at uniform hourly and daily rates of flow, and High Point shall not be obligated to receive more than 1/24th of Shipper’s total MDRQ during any hour.

6.2.9 Additional Facilities

High Point shall not be required to construct additional facilities, modify or expand facilities or acquire facilities to provide firm transportation service.
6.3. OPERATING PROVISIONS FOR INTERRUPTIBLE SERVICE

6.3.1 Availability of Interruptible Service

Interruptible service under this FERC Gas Tariff shall be provided when, and to the extent that, High Point determines that capacity is available on the System, which capacity is not subject to a prior claim by another Shipper. Available interruptible capacity shall be allocated by High Point by rate; the interruptible service priority shall be determined in accordance with Section 6.7.1 of the General Terms and Conditions.

6.3.2 Shipper Requests for Interruptible Service

Requests for interruptible service hereunder shall be made by providing the specific information in Section 6.5 of the General Terms and Conditions. Request for Service forms shall be submitted to High Point, Attention: Manager, Commercial Operations. High Point shall consider all complete requests in the order received and will notify Shipper in writing of the acceptance of a complete request.

6.3.3 Request Invalidation

Requests for interruptible service under this FERC Gas Tariff will be invalid and will not be considered if service is requested to commence later than six (6) Months after the information specified in Section 6.5 of the General Terms and Conditions is provided to High Point.

6.3.4 Execution of Interruptible Service Agreement

Shipper must execute an Interruptible Service Agreement in the form contained in this FERC Gas Tariff within thirty (30) days from the date High Point tenders an Interruptible Service Agreement for execution. If a Shipper fails to execute an Interruptible Service Agreement within thirty (30) days, the request for interruptible service shall be deemed a nullity for all present and future purposes.

6.3.5 Requests For Operating Data

Upon request of High Point, Shipper shall submit estimates of daily, monthly and annual quantities of gas to be transported, including peak day requirements, together with the estimated amounts thereof applicable to each Receipt Point and Delivery Point. High Point shall use such information and operating data to determine to the extent practicable the System’s Available Capacity, to evaluate potential System capacity needs, to plan its maintenance and repair operations, and to assure adequate service to its Shippers.

6.3.6 Receipt and Delivery Points

Each Receipt Point and the Delivery Point on the System is available for interruptible
transportation service subject to the allocation of capacity at such points first to Firm Transportation Service and second to Interruptible Transportation Service with a higher priority in accordance with Section 6.7.1 of the General Terms and Conditions. Subject to the availability of capacity, a Shipper may utilize, on an interruptible basis, any Receipt Point or Delivery Point up to the lesser of the daily transportation quantities at each Receipt Point or Delivery Point or the Maximum Daily Transportation Quantity set forth in its Interruptible Service Agreement. All Receipt Point(s) as changed from time to time shall be deemed to be included in all Interruptible Service Agreements.

6.3.7 Interruption of Service

High Point retains all rights at any and all times during the term of an Interruptible Service Agreement to decrease or temporarily suspend receipt and/or delivery of gas if such capacity is required to render service of a higher priority. If High Point exercises such rights, Shipper shall hold High Point harmless from any loss, claim, damage or expense that such Shipper or other party may incur by reason of such decrease or suspension.

6.3.8 Failure to Use Service

If within three (3) Months after the execution of an Interruptible Service Agreement Shipper has not commenced service under the provisions of such Interruptible Service Agreement, or if Shipper has commenced service but fails to use service during a consecutive twelve (12) Month period after commencement, High Point may, on a non-discriminatory basis, terminate the Interruptible Service Agreement and Shipper’s request for interruptible service shall be deemed a nullity for all present and future purposes. High Point shall give Shipper written notice thirty (30) days in advance of termination of an Interruptible Service Agreement. Shipper may retain the Interruptible Service Agreement by notifying High Point in writing of its intent to retain such Interruptible Service Agreement; however, if Shipper fails to use service during a consecutive twelve (12) Month period after notice of its intent to retain such service, the Interruptible Service Agreement and Shipper’s request for interruptible service shall be automatically terminated and abandoned.

6.3.9 Overbooking of Available Capacity

High Point may contract to transport gas, on an interruptible basis, in excess of Available Capacity. If such overbooking should ever limit High Point’s ability to provide interruptible service, then High Point shall provide such service on the basis described in Section 6.7 of the General Terms and Conditions.

6.3.10 Uniform Hourly Deliveries

The Gas shall be delivered and redelivered as nearly as practicable at uniform hourly and daily
rates of flow, and High Point shall not be obligated to receive more than 1/24th of Shipper’s total MDTQ during any hour.

6.3.11 Additional Facilities

High Point shall not be required to construct additional facilities, modify or expand facilities or acquire facilities to provide interruptible transportation service.
6.4. POOLING

High Point will offer Pooling services pursuant to Rate Schedule PS.
6.5. REQUESTS FOR SERVICE

6.5.1 Request for Service Form

Each Shipper requesting service under one of the rate schedules in this FERC Gas Tariff shall provide the following information:

a. Shipper’s Name: ____________________________
   (legal name of signatory party)
   State of Incorporation: ________________________
   (if applicable)
   (Or) Other Legal Description: ____________________
   (e.g., partnership)

Shipper is: (check one)

- LDC/Distributor
- Producer
- End User
- Other: _____
- Intrastate Pipeline
- Interstate Pipeline
- Marketer

Is Shipper affiliated with High Point?

_____ Yes  _____ No

If yes, list type and extent of affiliation.

__________________________________________________________________________

Is the supplier of gas to be transported in any transaction associated with this request affiliated with High Point?

_____ Yes  _____ No

If yes, list the name of the supplier and the extent of affiliation with High Point.

__________________________________________________________________________
b. Requesting Party’s Name: __________________________
   (if different than Shipper)

c. Shipper Contacts:

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24-Hour Contact: _______________ Telephone: _______________

Internet Address: _______________________________________

SERVICE INFORMATION

d. Request is for:
   ______ New Service
   ______ Amendment to Service Agreement No. _______________

e. Service Type:
   ______ Firm Service (Rate Schedule FTS)
   ______ Interruptible Service (Rate Schedule ITS)
   ______ Pooling Service (Rate Schedule PS)
   ______ Park and Loan Service (Rate Schedule PAL)

f. Primary Term:
   Commencement Date: ___________ Termination Date: ________
Secondary Term (if appropriate):

Month to Month, upon termination of primary term subject to thirty (30) days prior written notice by either party.

Year to year, upon termination of primary term subject to thirty (30) days prior written notice by either party.

Other: upon termination of primary term subject to thirty (30) days prior written notice by either party.

g. Transportation Quantities:
   Firm Service Maximum Daily Reservation Quantity _____ Dth
   Interruptible Service Maximum Daily Transportation Quantity ____ Dth

h. Estimated Transportation Quantity Over Primary Term
   ______ Dth.

RECEIPT/DELIVERY POINTS

i. Receipt Point(s) : Maximum Daily Quantity/Dth
   ______
   ______
   ______
   ______

j. Delivery Point(s):
   Maximum Daily Quantity/Dth
   ______
   ______
k. Send completed requests to:

   By Mail, Courier or Overnight Delivery:

   High Point Gas Transmission, LLC
   919 Milam, Suite 2400
   Houston, TX 77002
   Attn: Manager, Commercial Operations
   Telephone No.:
   Fax No.:

SHIPPER AUTHORIZATIONS

Shipper hereby agrees to abide by the terms of High Point’s FERC Gas Tariff, and the rate schedules and General Terms and Conditions that are part of High Point’s FERC Gas Tariff. Shipper further agrees that High Point may make an inquiry into Shipper’s creditworthiness and obtain adequate assurances of Shipper’s solvency and ability to fulfill its payment obligations. Shipper has provided herewith, credit information including, but not limited to, three (3) trade references and Shipper’s most recent audited or otherwise verified financial statements, annual report, and Form 10-K, list of affiliates, trade reference ratings, credit bureau reports or alternate credit information sufficient to demonstrate that Shipper will be able to meet its financial obligations under the requested rate schedule. Shipper agrees and acknowledges that High Point may refuse to provide service pursuant to this Request for Service if Shipper fails to provide the information sought by High Point that, in High Point’s reasonable judgment, assures High Point of Shipper’s solvency and ability to perform its obligations under any Service Agreement, or if Shipper is unable to or fails to demonstrate creditworthiness.

Shipper’s Authorized Signature

Name: ________________________________

Title: ________________________________

Date: ________________________________

6.5.2 Incomplete Service Forms

Request for Service forms received by High Point that do not contain all the information specified in Section 6.5.1 of the General Terms and Conditions, including credit information sufficient to demonstrate that a Shipper will be able to meet its financial obligations under the requested rate schedule, will be considered incomplete. High Point will notify Shipper in writing of any deficiencies of a request, and Shipper shall provide the additional information required for
a valid request within thirty (30) days. Incomplete requests for service that are not completed within thirty (30) days of a deficiency notification shall be deemed a nullity for all present and future purposes.
6.6. NOMINATION AND CONFIRMATION PROCEDURES

6.6.1 Required Information

a. Shipper shall nominate gas by notifying High Point of the daily quantity of gas in Dths it has available at the Receipt Point(s) and of the quantity of gas it desires to have delivered at the Delivery Point(s). The total delivery nominations to be delivered for the account of Shipper by High Point must equal the total receipt nominations less Unaccounted For Gas and any other adjustments provided in the definition of Equivalent Quantities.

b. All nominations should include Shipper defined begin dates and end dates. All nominations excluding intraday nominations should have roll-over options. Specifically, Shippers should have the ability to nominate for several days, months, or years, provided the nomination begin and end dates are within the term of Shipper's contract.

6.6.2 Form of Nomination

Nominations may be submitted in writing or via EDI, and must include the information specified in Section 6.6.1 of the General Terms and Conditions, and the information required in a “Nomination” as defined in Section 6.1 of the General Terms and Conditions.

6.6.3 Staffing

High Point will support a seven-day-a-week, twenty-four-hour-a-day nominations process. High Point’s personnel may not be at High Point’s office, but will be available by telephone, email or other electronic means.

6.6.4 Nomination Cycles

There are five nomination cycles: Timely (daily), Evening, Intraday 1, Intraday 2 and Intraday 3. High Point will determine the applicable nomination processing cycle based upon the receipt time and beginning effective day of the nomination. Where High Point supports the processing of beginning effective time, High Point will also use the beginning effective date and time in determining the applicable nomination processing cycle in lieu of using the nomination’s receipt date and time to determine the processing cycle. High Point will make an end of the gas day Scheduled Quantity document available to Shippers, but a Shipper may waive High Point’s obligation to send this information. The nomination cycles and timelines provided in Sections 6.6.5 through 6.6.10 hereof shall apply to Shippers and Title Transfer Tracking service providers.

6.6.5 Timely Nomination Cycle

All times listed in this Section are Central Clock Time and are on the day prior to gas flow.
a. Nominations must leave the control of the nominating party by 1:00 P.M.

b. Nominations must be received by High Point by 1:15 P.M. (including from Title Transfer Tracking service providers).

c. High Point will send a Quick Response by 1:30 P.M.

d. Upstream and downstream connected parties must confirm with High Point no later than 4:30 p.m.

e. Shippers and point operators must receive scheduled quantities by 5:00 P.M. (Central Clock Time on the day prior to flow).

f. High Point reserves the right to waive the nomination deadline on a nondiscriminatory basis.

Nominations received after nomination deadline should be scheduled after the nominations received before the nominations deadline.

6.6.6 The Evening Nomination Cycle:

All times listed in this Section are Central Clock Time.

a. Nominations must leave the control of the nominating party by 6:00 p.m.

b. Nominations must be received by High Point by 6:15 p.m. (including from Title Transfer Tracking service providers).

c. High Point will send a Quick Response by 6:30 p.m.

d. Upstream and downstream connected parties must confirm with High Point no later than 8:30 p.m.

e. High Point will provide scheduled quantities to affected Shippers and point operators at their Designated Site, and will provide notice to Bumped parties, by 9:00 p.m. on the day prior to flow.

f. Scheduled quantities resulting from an Evening Nomination that does not cause another Shipper on the System to receive notice that it is being Bumped will be effective at 9:00 a.m. on gas day; and when an Evening Nomination that causes another Shipper on the System to receive notice that it is being Bumped, the scheduled quantities will be effective at 9:00 a.m. on Gas Day.
For purposes of this Section 6.6 of the General Terms and Conditions, “provide” shall mean, for transmittals pursuant to NAESB Standards 1.4.x, receipt at the Designated Site, and for purposes of other forms of transmittal, it shall mean send or post.

6.6.7 Intraday 1 Nomination Cycle:

All times listed in this Section are Central Clock Time on gas day.

a. Nominations must leave the control of the nominating party by 10:00 a.m.

b. Nominations must be received by High Point by 10:15 a.m. (including from Title Transfer Tracking service providers).

c. High Point will send a Quick Response by 10:30 a.m.

d. Upstream and downstream connected parties must confirm with High Point no later than 12:30 p.m.

e. High Point will provide scheduled quantities to Shippers and point operators at their Designated Site, and will provide notice to Bumped parties, by 1:00 p.m.

f. Scheduled quantities resulting from Intraday 1 nominations will be effective at 2:00 p.m. on Gas Day.

g. For purposes of this Section 6.6, “provide” shall mean, for transmittals pursuant to NAESB Standards 1.4.x, receipt at the Designated Site, and for purposes of other forms of transmittal, it shall mean send or post.

6.6.8 Intraday 2 Nomination Cycle:

All times are Central Clock and on gas day.

a. Nominations must leave the control of the nominating party by 2:30 p.m.

b. Nominations must be received by High Point by 2:45 p.m. (including from Title Transfer Tracking service providers).

c. High Point will send a Quick Response by 3:00 p.m.

d. Upstream and downstream connected parties must confirm with High Point no later than 5:00 p.m.

e. High Point will provide scheduled quantities to affected Shippers and point operators at their Designated Site by 5:30 p.m.
f. Scheduled quantities resulting from Intraday 2 Nominations will be effective at 6:00 p.m. on Gas Day.

6.6.9 Intraday 3 Nomination Cycle:

All times are Central Clock and on gas day.

a. Nominations must leave the control of the nominating party by 7:00 p.m.

b. Nominations must be received by High Point by 7:15 p.m. (including from Title Transfer Tracking service providers).

c. High Point will send a Quick Response by 7:30 p.m.

d. Upstream and downstream connected parties must confirm with High Point no later than 9:30 p.m.

e. High Point will provide scheduled quantities to affected Shippers and point operators at their Designated Site by 10:00 p.m.

f. Scheduled quantities resulting from Intraday 3 Nominations will be effective at 10:00 p.m. on Gas Day. Bumping is not allowed during the Intraday 3 Nomination cycle.

g. For purposes of this Section 6.6, “provide” shall mean, shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

6.6.10 Confirmation of Nominated Quantities

a. All nominations will be confirmed by High Point via telephone, telecopy or EDI. High Point will initiate the confirmation process. The party that would receive a request for confirmation or an unsolicited confirmation response may waive the obligation of the sender to send. There should be at least one Confirming Party on each side of a physical location.

b. With respect to the timely nomination/confirmation process at a Receipt Point or Delivery Point, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the lesser of the confirmation quantity or the scheduled quantity for the Timely Nomination Cycle of the previous Gas Day should be the new confirmed quantity.
c. With respect to the processing of requests for increases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the scheduled quantity for the previous intraday nomination cycle should be the new confirmed quantity.

d. With respect to the processing of requests for decreases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity should be the new confirmed quantity.

e. With respect Section 6.6.10 (b), (c) and (d) of the General Terms and Conditions, if there is no response to a request for confirmation or an unsolicited confirmation response, High Point will provide the service requester with the following information to explain why the nomination failed, as applicable:

1. the service requester’s TSP did not conduct the confirmation;

2. the service requester is told by TSP that the upstream Confirming Party did not conduct the confirmation;

3. the service requester is told by TSP that the upstream service requester did not have the gas or submit the nomination;

4. the service requester is told by TSP that the downstream Confirming Party did not conduct the confirmation; and

5. the service requester is told by TSP that the downstream service requester did not have the market or submit the nomination.

This information will be imparted to the service requester on the scheduled quantity document.

f. The explicit confirmation process requires that the Confirming Party respond to a request for confirmation or initiate an unsolicited confirmation response. Absent mutual agreement to the contrary, explicit confirmation is the default methodology.
g. For request to confirm and confirmation response processes, all parties will seek to confirm by means of communicating at the applicable detail / summary level all transactions with respect to a location.

h. In the confirmation process, where a party requesting confirmation (a Confirmation Requester) is not itself a TSP, the location code to be used when sending a Request for Confirmation should be the location code associated with the location where gas will be scheduled by the TSP; and, where a Confirmation Requester is also a TSP; then, as between the Confirmation Requester and the Confirming Parties, and absent their mutual agreement to the contrary, the location code to be used when sending a Request for Confirmation should be the location code used by the TSP sending the Request for Confirmation.

6.6.11 Bumping and Intraday Limitations

a. For services that provide for Intraday Nominations and scheduling, there is no limit to the number of Intraday Nominations which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles.

b. High Point will permit Intraday Nominations: 1) to increase or decrease total flow, 2) to change Receipt Points, 3) to change Delivery Points; and 4) to schedule new Receipt (supply) or Delivery (market) Points.

c. Intraday Nominations are permitted at all Receipt Points and Delivery Points.

d. Bump Protection for Firm Services: High Point will not schedule an Intraday Nomination under any firm rate schedule if such change will Bump scheduled and flowing firm services. High Point will not schedule an Intraday Nomination under any firm rate schedule if such change will Bump scheduled and flowing of a lower priority service unless the nomination change is an intraday change for a Primary or Secondary Receipt Point under the Shipper’s Firm Service Agreement.

e. Bumping that affects transactions on multiple TSPs will occur at grid-wide synchronization times only.

f. If High Point exceeds the standard nomination time line, High Point is not required to hold capacity for grid-wide nominations until a standard nomination cycle.
g. Intraday Nominations must be based on a daily quantity, thus, an intraday nominator need not submit an hourly nomination. Intraday Nomination should include an effective date and time. The interconnected parties should agree on the hourly flows of the Intraday Nomination if not otherwise addressed in the transporter’s contract or tariff.

h. Bumping Scheduled Quantities: When a previously confirmed and scheduled quantity is altered, notification of such alteration will be provided, through the affected party’s choice of Electronic Notice Delivery mechanism or phone or fax; unless High Point and Shipper(s) have agreed to the exclusive use of EDI, Shipper(s) must provide High Point with at least one internet E-mail address to be used for Electronic Notice Delivery of intraday bumps. High Point will support the concurrent sending of electronic notification of intraday bumps to two internet E-mail addresses for each Shipper. Such E-mail will include a subject line that includes the following information in the following manner: (1) “Critical”, (2) Notice Type label, (3) the Notice Effective Date in YYYYMMDD format, (4) “High Point”, and (5) High Point’s DUNS Number. In addition, the notice will indicate the affected service requester contract, Receipt and/or Delivery Location, and Receipt and/or Delivery Point Quantity from the Scheduled Quantity. Notification of alteration will be provided to all parties below that are affected: (1) Confirmation Requester in a confirmation response (or unsolicited confirmation response as applicable) document by the Confirming Party; (2) Confirming Party in a request for confirmation document by the Confirmation Requester; and (3) service requester(s) in a scheduled quantity document by the applicable Confirming Party or Confirmation Requester on whose system the service requester(s) nomination(s) were made.

Applicable notifications of such alterations will be provided to the affected parties reasonably proximate in time to the time during which the event causing the alteration was acted upon by the Confirmation Requester or Confirming Party, respectively. With respect to the implementation of this process via NAESB Standards 1.4.x, Confirmation Requester and Confirming Party will send the applicable document(s) to the applicable party(ies) no later than the next time they are slated to communicate confirmations or scheduled quantities (as applicable).

i. Rollover Prohibition: Intraday Nominations do not rollover (i.e. Intraday Nominations span one day only). Intraday Nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if Intraday Nomination modifies existing nomination.

j. Hourly Flow Limitations: High Point will attempt to agree with the interconnected parties on the hourly flows for Intraday Nominations.

k. Interruptible Shippers that are Bumped as a result of the Intraday Nomination process will be subject to daily penalties only during periods covered by a Critical Notice.
1. Intraday Nominations by a firm Shipper will have scheduling priority over the nominated and scheduled quantities of interruptible Shippers. Interruptible Shippers whose volumes are Bumped as a result of Intraday Nominations by firm Shippers will be provided advance notice of such Bump via telephone and fax or e-mail. This notice will indicate whether a critical penalty is in effect on the day the interruptible Shipper’s volumes are being reduced.

6.6.12 Unaccounted For Gas

The formula for calculating Unaccounted For Gas for nominations is “(1 - Unaccounted For Gas Percentage/100) multiplied by receipt quantity = delivery quantity.” The result of the calculation will be rounded to the nearest Dth for each nomination. High Point will not reject a nomination for reasons of rounding differences of less than five (5) Dth.

6.6.13 Nomination Changes

All nominations should be considered original nominations and should be replaced to be changed. When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only.

6.6.14 Authorized Overrun Nominations

Nominations for quantities in excess of the Maximum Daily Reservation Quantity for service under Rate Schedule FTS must be nominated as a separate transaction. Authorized Overrun Nominations will be treated as transportation under Rate Schedule ITS.

6.6.15 Rankings

Shippers may provide rankings for gas nominated for receipt and delivery. Nominations without a ranking will be scheduled on a pro rata basis. Priority 1 means the highest priority. Priorities 2, 3, etc. are in descending order of priority. Quantities assigned the same rank will be scheduled and curtailed on a pro rata basis. High Point will use the shipper-provided rankings when making reductions during the scheduling process, when this does not conflict with tariff-based rules.

6.6.16 Package Identification Code

High Point will support the use of Package ID for nominating, scheduling, and invoicing (sales and purchases), and mutually agree with applicable parties regarding transportation, allocation and imbalance reporting. The Shipper may assign a Package ID to each nomination.
6.6.17 Required Nomination Changes

High Point may require revised nominations or prospective nomination changes by Shipper if the daily flows under a particular Service Agreement differ from confirmed nominations, or if an imbalance has occurred due to some operational reason. When a Shipper receives notice requiring a revised nomination or prospective nomination change, Shipper shall submit a nomination in accordance with Section 6.6 of the General Terms and Conditions and with the revisions specified by High Point.

6.6.18 Delegation of Nomination Authority to Agent

A Shipper may delegate to any third party the responsibility for submitting nominations and receiving confirmations or performing other administrative duties under any Service Agreement, subject to the following conditions:

a. Any designation of a third party as agent (“Agent”), or any change in such designation, must be provided in writing to High Point at least two (2) Business Days prior to the requested effective date of the designation.

b. The written designation shall specify any limits on the authority of the Agent, including any time limit for the designation.

c. High Point will rely on communications from a Shipper’s Agent for all nomination purposes except to the extent the designation is explicitly limited. Limitations must be clearly specified. Shipper will hold High Point harmless and shall indemnify High Point for any costs or damages incurred by High Point in the event High Point’s good faith interpretation of a limitation proves inconsistent with the intent of the limitation. High Point reserves the right to reject delegations for reasons of unclear or impracticable limitations placed thereon. Communications by High Point to such Agent shall be deemed notice to Shipper, except to the extent the Agent’s authority is explicitly limited with respect to the receipt of notice under the provisions of Section 6.6.18(b) of the General Terms and Conditions.

d. Any third party may administer multiple Service Agreements as the Agent for one or more Shippers; however, the Agent shall administer and account separately for each Service Agreement.
6.6.19 Quick Response For Nominations Outside Timely/Intraday Nomination Schedule

a. With the exception of otherwise stated NAESB nominations deadlines, when High Point receives a Nomination document from a service requester by the conclusion of a given quarter hour period, High Point will send to the service requester’s designated site a corresponding Quick Response document by the conclusion of the subsequent quarter hour period.

b. High Point’s nightly processing and routine maintenance occurring outside of normal business hours are apt to interrupt the normal schedule for nominations/quick response turnaround stated in NAESB Standard 1.3.37. Such delays should be kept to a minimum. The normal schedule should be resumed at the earliest opportunity and no later than the start of normal working hours the following day, seven days per week.

6.6.20 Confirmation Quick Response Outside Timely/Intraday Nomination Schedule

a. When a Confirmation Requester receives a Confirmation Response document from a Confirming Party by the conclusion of a given quarter hour period, the Confirmation Requester will send to the Confirming Party’s Designated Site a corresponding Confirmation Response Quick Response document by the conclusion of the subsequent quarter hour period.

The quarter hour periods will be defined to begin on the hour and at 15, 30, and 45 minutes past the hour. A given quarter hour will contain all transactions whose receipt time is less than the beginning of the subsequent quarter hour.

b. Confirmation Requester’s and Confirming Party’ nightly processing and routine maintenance occurring outside of normal business hours are apt to interrupt the normal schedule for confirmations/quick response turnaround stated in NAESB Standard 1.3.45. Such delays should be kept to a minimum. The normal schedule should be resumed at the earliest opportunity and no later than the start of normal working hours the following day, seven days per week.
6.7.  SCHEDULING AND CURTAILMENT

6.7.1  Allocation of Available Capacity

Each nomination cycle, upon consideration of prevailing operating conditions, scheduled or unscheduled maintenance or repairs, and similar conditions, High Point shall allocate Available Capacity in the following manner from highest priority to lowest priority:

(1) FTS Shippers receiving gas from Primary Receipt Points or delivering to Primary Delivery Points on a pro rata basis;

(2) FTS Shippers receiving gas from Secondary Receipt Points or delivering to Secondary Delivery Points on a pro rata basis;

(3) ITS Shippers (including Authorized Overrun Nominations) by rate paid from highest to lowest; and

(4) All other services provided by High Point.

6.7.2  Scheduling Nominated Quantities

Promptly upon the close of the nomination deadline and the confirmation process for each nomination cycle, High Point shall evaluate all confirmed nominations and the anticipated Available Capacity of the System. High Point shall schedule nominated quantities of gas to the extent capacity is available in such a manner that all firm services will have equal priority over interruptible services. The daily grid-wide synchronization times for scheduled flow are 9:00 a.m., 5:00 p.m., and 9:00 p.m. Central Clock Time.

6.7.3  Critical Notice

If High Point determines that operational circumstances exist such that the issuance of an OFO or the declaration of a Critical Day is imminent, but corrective actions may be taken to mitigate such circumstances, High Point shall issue a Critical Notice to warn affected Shippers of a potential OFO or Critical Day declaration. Shippers may be notified through their choice of Electronic Notice Delivery mechanism or phone or fax; unless High Point and Shipper(s) have agreed to the exclusive use of EDI, Shipper(s) must provide High Point with at least one internet e-mail address to be used for Electronic Notice Delivery of Critical Notices. High Point will support the concurrent sending of electronic notification of Critical Notices to two internet E-mail addresses for each Shipper. Such E-mail will include a subject line that includes the following information in the following manner: (1) “Critical”, (2) Notice Type label, (3) the Notice Effective Date in YYYYMMDD format, (4) “High Point”, and (5) High Point’s DUNS Number. High Point will postpone the issuance of an OFO or Critical Day declaration and allow warned Shippers the opportunity to take corrective actions, provided the warned Shippers advise
High Point of their proposed corrective actions. Failure to implement corrective measures by such Shippers may ultimately result in the issuance of an OFO or the declaration of a Critical Day by High Point.

6.7.4 Critical Day

When a Critical Day exists on the System, High Point, may after six hours prior notice to Shipper, unilaterally make adjustments to maintain a balance between Shipper’s receipts and deliveries. High Point shall provide Shipper notice via telephone and either fax, E-mail or via High Point’s Internet Home Page. A Critical Day shall be deemed to exist only when (a) Shipper’s current daily rate of deliveries at the Receipt Point(s) is in excess of the current daily rate of deliveries for Shipper’s account at the Delivery Point(s) (Current Imbalance), by the greater of 1% of the daily scheduled volumes or 1,500 Dths per Day, (b) Shipper’s Current Imbalance is adversely affecting Shippers who are capable of delivering Gas into the System during normal conditions, and (c) High Point has notified Shipper that a Critical Day exists. If Shipper fails to take corrective action on its own to maintain a balance between Shipper’s receipt and deliveries during a Critical Day and High Point is unable to adjust Shipper’s receipt and deliveries in accordance with the above to maintain receipts and deliveries to High Point’s other Shippers, then High Point may assess a penalty of $1.00 per Dth multiplied by the amount that Shipper’s Receipt Point volumes (less Unaccounted For Gas quantities) are in excess of Shipper’s nominated and confirmed Delivery Point volumes for each Day High Point’s Critical Day is in effect.

6.7.5 Operational Flow Orders

High Point shall have the right to issue Operational Flow Orders (OFOs) in the event that (1) conditions exist that threaten or could threaten the safe operations or integrity of the System, or (2) corrective actions are necessary to maintain pipeline operations at pressures required to provide efficient and reliable firm transportation service. While the issuance of an OFO would likely be the result of a major weather event such as a hurricane or tropical storm or the failure of pipeline facilities, other potential events include but are not limited to conditions affecting adequacy of supplies, i.e., for mainline injection points, line pack, etc., and conditions affecting High Point’s ability to manage the System “in balance.” High Point will determine, in its reasonable judgment, the circumstances that will result in the issuance of an OFO. The issuance of an OFO will depend on the quantities of gas confirmed and scheduled, the point(s) where the actual receipts or deliveries deviate from confirmed and scheduled quantities, whether an OBA is governing the allocation at the point(s), and the relationship of these individual factors to the general system operations on any given day. OFOs will identify the situation to be addressed and shall, to the extent possible, identify specific actions to be taken by Shippers stated in terms of an hourly gas flow level and a length of time the OFO shall be in effect. High Point will minimize the use of OFOs, and when possible, direct an OFO to the specific party(ies) creating the
operating condition. Unless due to circumstances beyond High Point’s control or reasonable ability to foresee, OFOs will be issued prior to 9:00 a.m. Central Clock Time to be effective at 9:00 a.m. Central Clock Time the following day. In addition to the advanced notice provision in this Section, High Point shall post on its Internet Home Page, with as much advance warning as is reasonably practicable, information regarding the operational variables that give, or will in the future give, rise to issuance of an OFO, and High Point will provide updates regarding the expected duration of an OFO based on those variables. Within a reasonable time period following the termination of an OFO, High Point shall post on its Internet Home Page a report detailing the factors requiring the issuance and termination of an OFO. OFOs affecting a number of Shippers on all or any portion of the System will be posted on High Point’s Internet Home Page. To the extent that an OFO is applicable to specific Shippers, High Point will notify such Shippers by the Shipper’s choice of Electronic Notice Delivery mechanism or phone or fax; unless High Point and Shipper(s) have agreed to the exclusive use of EDI, Shipper(s) must provide High Point with at least one internet e-mail address to be used for Electronic Notice Delivery of OFOs. High Point will support the concurrent sending of electronic notification of OFOs to two internet E-mail addresses for each Shipper. Such E-mail will include a subject line that includes the following information in the following manner: (1) “Critical”, (2) Notice Type label, (3) the Notice Effective Date in YYYYMMDD format, (4) “High Point”, and (5) High Point’s DUNS Number. If a Shipper makes a contact person available for such notices on a 24-hour basis, and provides all necessary information to High Point. High Point will use reasonable efforts to give actual notice to that person, as time permits. A penalty will not be imposed on a Shipper that fails to comply with an OFO unless that Shipper’s contact person has been notified of the OFO and the Shipper does not comply within the time frame specified in the OFO.

6.7.6 Compliance with Operational Flow Orders

OFOs issued to alleviate conditions that threaten the operational integrity of the System will require compliance within four (4) hours of notification, or such other time specified in the OFO. Any Shipper receiving an OFO may undertake any of the following actions necessary to comply with such order, as applicable:

a. Commence or increase tenders of gas into the System by a specified quantity at Receipt Points or shift tenders of gas, in whole or part, to different Receipt Points;

b. Cease or reduce tenders of gas into the System by a specified quantity at specific Receipt Points.

c. Commence or increase takes of gas from the System by a specified quantity at specified Delivery Points.

d. Cease or reduce takes of gas from the System by a specified quantity at specified Delivery Points.
If a Shipper is notified by High Point of an OFO and fails to comply with such OFO, such Shipper may be subject to a penalty equal to 150% of the Highest Daily Price multiplied by each Dth received and/or delivered in excess of the quantities specified by High Point in such OFO. The “Highest Daily Price” shall be the highest daily price per Dth established under Platts Gas Daily, “Louisiana Onshore - South,” “Southern Natural,” during the time period specified in the applicable OFO. If such Shipper complies by adjusting its tenders or takes within the time period specified in an OFO, the Shipper shall not be subject to the penalty set forth in this Section 6.7 of the General Terms and Conditions. Shipper compliance shall be a change in gas flow to the level specified by High Point and will be evidenced by the confirmation of a flow rate change from an upstream or downstream Operator or the confirmation of a flow rate change by High Point, High Point will assist any Shipper in complying with an OFO. High Point will not impose a penalty for failure to comply if a Shipper demonstrates that all reasonable efforts have been made to comply, including but not limited to taking other actions (in consultation with High Point) to achieve the purpose of the OFO, and additionally seeks High Point’s assistance within the time specified in the OFO for commencement of corrective action.

Where a nomination is required by High Point to make an effective physical change necessary to comply with an OFO, unless critical circumstances dictate otherwise, an OFO penalty will not be assessed unless the Shipper has the opportunity to correct the circumstances giving rise to the OFO and fails to so, or the action(s) taken fails to do so. The opportunity to correct the critical circumstances will include the opportunity: (a) to make a nomination that, once confirmed and scheduled, would cure the circumstance giving rise to the OFO, or (b) to take other appropriate action that cures the circumstance giving rise to the OFO. A Shipper’s response to an OFO will not be constrained by restrictions on the submittal and processing of Intra-Day Nominations.

6.7.7 Operational Flow Orders by upstream or downstream Operators or Pipelines

To the extent an upstream or downstream Operator or pipeline issues an OFO or similar order, High Point will notify Shippers of such order as soon as practicable, and direct Shippers to respond accordingly and within the time limits specified by the upstream or downstream pipeline. If a Shipper fails to respond to such order, High Point will assess such Shipper the greater of an amount equal to 150% of the Highest Daily Price (as determined as set forth in Section 6.7.6 of the General Terms and Conditions) multiplied by each Dth, or the penalties assessed on High Point by the upstream or downstream Operator or pipeline.

6.7.8 Imbalances Resulting from Operational Flow Orders

To the extent any monthly imbalance or portion thereof is a direct result of Shipper’s inability to balance receipts and deliveries during the Month due to the issuance of an OFO, Shipper will have until the end of the next calendar Month to reconcile that portion of the imbalance attributable to its compliance with the OFO. Shipper shall submit a plan to High Point to reconcile such imbalances to High Point.
To the extent a plan accepted by High Point cannot be executed because of actions taken by High Point, Shipper will have an additional calendar Month to correct an OFO-based imbalance. Any imbalance remaining at the end of the extended period will be subject to the imbalance resolution procedures set forth in Section 6.10 of the General Terms and Conditions.

6.7.9 Curtailment

The reverse priority set out in Section 6.7.1 of the General Terms and Conditions shall be utilized for interruptions and curtailments, and the rate for a service, where applicable, shall be considered from lowest to highest. For example, Shippers receiving service under Rate Schedule ITS (including Authorized Overrun Nominations) will be curtailed before Shippers receiving service under Rate Schedule FTS.
6.8. UNAUTHORIZED DELIVERY CHARGE

Unauthorized deliveries are deliveries of gas made to High Point at the Receipt Point(s) prior to the execution of a Service Agreement or the submission of a nomination as provided in Section 6.6 of the General Terms and Conditions. Except in those circumstances in which the integrity of the System is threatened, High Point shall provide Operator or Shipper with prompt notification by telephone and fax or E-mail of such unauthorized deliveries, including the System conditions and specific response required, and Operator or Shipper shall have forty-eight (48) hours after said notification to initiate corrective action. If the Operator or Shipper has not initiated such corrective action within such forty-eight (48) hour period, High Point shall assess a penalty equal to 150% of the Highest Weekly Index Price multiplied by each Dth comprising the unauthorized deliveries. For purposes of this section, the “Highest Weekly Index Price” shall be the highest weekly index price per Dth established under Natural Gas Intelligence’s Average Weekly Price Index, “South Louisiana,” “Southern Natural,” during the time period of such unauthorized deliveries. Where System integrity is threatened, High Point shall have the right to take such action as is necessary to terminate such deliveries without any liability on the part of High Point.
6.9. DETERMINATION OF RECEIPTS AND DELIVERIES

6.9.1 Receipt Point Allocation

a. PDA Requirement: In the event gas other than the gas transported for Shipper is measured by High Point’s meter at each Receipt Point, Shipper agrees to provide, or cause to be provided, to High Point as set forth herein a PDA from its seller(s) and/or third-party transporter(s)/operator(s) setting forth the information described herein for the purpose of determining the quantity of gas to be received by High Point for the account of shipper at each Receipt Point for the day(s) of transportation for which Shipper has made its nomination(s).

b. PDA Methods: The PDA provided for each Receipt Point on the System shall include:

   i. an allocation by the operator of the facilities immediately upstream of High Point’s Receipt Point which allocates each working interest owner’s gas to be delivered at the Receipt Point on each day of transportation service based on one of the following methods:

      A. Percentage PDA;
      B. Pro rata PDA;
      C. Ranked PDA;
      D. Swing PDA;
      E. OPV PDA; or
      F. Any other mutually agreeable allocation methodology.

   ii. a ranking by each working interest owner of the various Service Agreements supplied by said owner’s share of gas production at the Receipt Point for each day of transportation service. The working interest owner shall rank the Service Agreements to receive its gas supplies based on one of the following methods:

      A. Pro rata PDA;
      B. Ranked PDA;
      C. Percentage PDA;
D. Swing PDA;
E. OPV PDA; or
F. Any other mutually agreeable allocation methodology.

Rankings shall include the contract number assigned by High Point to each Service Agreement and the name of the Shipper thereunder.

The party providing an OPV PDA under Section 6.9.1(b) of the General Terms and Conditions, will also designate the Service Agreement to be used to handle any variance between the total quantity entered for allocation at the point under the OPV PDA methodology and the total quantity measured at the point on a day. The PDA shall be provided by each party under this Section 6.9.1 for each line item nomination provided by High Point for confirmation. High Point shall then use the predetermined priority provided by Shipper in its nominations for applying the PDA to the Package ID level within the line item nomination level. The party providing the PDA under this Section 6.9.1 of the General Terms and Conditions should communicate to the other shippers that their transaction(s) for allocation purposes are lowest ranked or swing, when such shippers’ transaction(s) are identified in the PDA submitted to High Point by the allocating party as being lowest ranked or swing.

c. Pipeline Interconnects: The PDA for Receipt Points interconnecting with third-party pipelines shall be provided by the third-party pipeline and shall rank the various Service Agreements to be supplied at the Receipt Point in accordance with one of the methodologies enumerated in Section 6.9.1(b)(i) or in Section 6.9.3 of the General Terms and Conditions. In the event there is a conflict between the foregoing methodologies and the third-party pipeline’s provisions in its FERC Gas Tariff governing the allocations of deliveries, said pipeline company and High Point shall mutually agree on the PDA allocation methodology to be used. The ranking shall include the contract number assigned by High Point to each Service Agreement and the name of the Shipper thereunder.

d. PDA Deadlines and Default PDA: Each PDA must be submitted to High Point, by facsimile machine or through High Point’s Internet Home Page, during the confirmation of that day’s nominations or after confirmation but prior to 5:00 p.m. Central Clock Time two (2) Business Days following the gas day. High Point shall extend the PDA deadline to no later than four (4) Business Days following the end of the Month in which the gas was transported in the event all of the affected parties, including the Point Operator and
all shippers, send notice to High Point in writing that they are in agreement on the PDA to be used and have no objection to a change in the PDA. If there are no additions in nominations by a Shipper at a Receipt Point or other changes, the current PDA will stay in effect as submitted until it is changed pursuant to the foregoing procedures. A new allocation detail may be needed when a nomination changes. In the event Shipper tenders a nomination at a Receipt Point (or from a seller) currently not providing supplies to Shipper, then Shipper must provide, or cause to be provided, as set forth above a revised PDA at the Receipt Point which recognizes the Shipper’s nomination. In the event High Point does not receive a PDA, or revised PDA, for a Receipt Point in a timely manner, each Shipper agrees that High Point shall be authorized to allocate gas supplies at that Receipt Point based on a Pro Rata PDA until High Point receives a PDA pursuant to the above procedures which revises the Pro Rate PDA allocation on a prospective basis.

e. Shipper hereby agrees that High Point shall have the right to rely conclusively on the foregoing PDAs for the purposes of determine the daily quantities of gas received by High Point for the account of Shipper at each Receipt Point.

6.9.2 Delivery Point Allocation

a. Use of PDAs: On a daily basis at each Delivery Point, High Point shall allocate the quantities of gas metered at the point among the quantities of gas scheduled at the point for the account of its Shippers based on the Pro Rata PDA method unless another PDA method is provided by the party that owns or operates the downstream facilities interconnecting with High Point’s facilities at each Delivery Point (the “downstream operator”). The alternative PDA methodologies from which the downstream operator may choose include the Swing PDA, a Ranked PDA, a Percentage PDA, and OPV PDA, or any other mutually agreeable allocation methodology. A new allocation detail may be needed when a nomination changes. The PDA shall be provided by the downstream operator on a line item basis at the level of nomination detail provided by High Point for confirmation. High Point shall use the predetermined priority provided by Shipper in its nomination for applying the PDA to the Package ID level within the line item nomination level. Shipper agrees that High Point shall have the right to rely conclusively on the PDA provided pursuant to this Section 6.9.2 of the General Terms and Conditions for the purposes of determining the daily quantities of gas delivered by High Point for the account Shipper at each Delivery Point. The downstream operator providing an OPV PDA, will also designate the Service Agreement to be used to handle any variance between the total quantity entered for allocation at the point under the OPV PDA methodology and the total quantity measured at the point on a day. Downstream operators should communicate to the other shippers that their transaction(s) for allocation purposes are lowest ranked or swing, when such shippers’ transaction(s) are identified by the downstream operator in the PDA submitted to High Point as being lowest ranked or swing.
b. PDA Deadlines: Each PDA must be submitted to High Point, by facsimile machine or through High Point’s Internet Home Page, during the confirmation of that day’s nominations or prior to 5:00 p.m. Central Clock Time two (2) Business Days following the gas day. High Point shall extend the PDA deadline to no later than four (4) Business Days following the end of the Month in which the gas was transported in the event all of the affected parties, including the Point Operator and all shippers, send notice to High Point in writing that they are in agreement on the PDA to be used and have no objection to a change in the PDA. If there are no additions in nominations by a Shipper at a Delivery Point or other changes, the current PDA will stay in effect as submitted until it is changed pursuant to the foregoing procedures. In the event Shipper adds a nomination at a Delivery Point, then Shipper must provide, or cause to be provided, as set forth above a PDA at the Delivery Point which recognizes Shipper’s nomination.

6.9.3 Pipeline Interconnect Allocation:

a. At any point of interconnection with another pipeline, High Point may agree on a nondiscriminatory basis, to enter into a form of OBA with such pipeline operator in lieu of the allocation provisions of Section 6.9.1 and/or Section 6.9.2 of the General Terms and Conditions, as applicable, if the following conditions are met:

i. the pipeline operator is creditworthy or provides one of the alternate forms of credit support set forth in Section 6.11 of the General Terms and Conditions;

ii. the pipeline operator maintains dispatching personnel on a 24-hour basis, seven days a week;

iii. the point of interconnection is equipped with electronic measurement equipment; and

iv. High Point and pipeline operator enter into an OBA, which shall provide, inter alia, for the allocation of scheduled nominations at the point of interconnect with any daily variance between scheduled nominations and metered flow at such point to be resolved by High Point and the pipeline operator under the terms of the OBA.

b. High Point shall maintain on its Internet Home Page a list of all pipeline interconnects at which an OBA is in effect.

6.9.4 Application of NAESB Standards’ Timelines

The NAESB timelines applicable to standard NAESB PDA methods shall also apply to any additional PDA methods offered by High Point pursuant to the provisions of this Section 6.9 of the General Terms and Conditions.
6.9.5 Time Limit on Disputes of Allocations

If Shipper disputes any of the allocations of gas made to its Service Agreements under this Section 6.9 of the General Terms and Conditions, Shipper must notify High Point of such dispute, with supporting documentation, no later than six (6) Months following the Month of service being disputed. High Point shall have three (3) Months within which to resolve or rebut the dispute. These time limits do not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. The parties’ other statutory or contractual rights shall not be diminished by this provision. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods.

6.9.6 Unscheduled Quantities

Any quantities received into the System at a receipt point or delivered from the System at a delivery point on a day when there is no scheduled nomination in effect at the point (“Unscheduled Quantities”) shall be allocated to the operator at the interconnect facilities at the applicable point. High Point shall allocate these volumes to the operator’s pooling or transportation contract. If no contract is in effect, allocations made to operator shall be deemed to be performed under Rate Schedule ITS. Any Unscheduled Quantities allocated pursuant to this provisions shall be treated in the same manner and have all corresponding obligations as scheduled gas for all purposes under this FERC Gas Tariff, including, but not limited to, assessing transportation charges, surcharges, cash-out premiums, and penalties.
6.10. RESOLUTION OF IMBALANCES

6.10.1 Resolution of Monthly Imbalances

a. All imbalances accrued by Shipper under its Service Agreements shall be resolved on a monthly basis pursuant to the provisions herein. After each Month of transportation on the System, High Point will calculate the imbalance which exists between the quantities of gas allocated each day to Shipper for its account at the Receipt Points during that Month and the quantities of gas allocated each day to Shipper for its account at the Delivery Points during that Month. All such imbalances (over-deliveries and under-deliveries to High Point) accrued by Shipper under each of its Service Agreements (or any such Service Agreements under which Shipper has been appointed imbalance aggregation agent with authority to make and receive payments under this section) will be combined to derive a “Net Monthly Imbalance” (in Dth) for purposes of the following calculations. Shipper’s Net Monthly Imbalance then will be divided by the lesser of (i) the actual Dths of gas received or (ii) the actual Dths of gas delivered under all such Service Agreements during the Month to produce Shipper’s Net Imbalance Percentage for the Month. In the event the Net Monthly Imbalance calculated above under Shipper’s Service Agreement(s) varies from the estimated imbalance(s) posted by High Point for such Service Agreement(s) during the Month, then High Point shall also calculate an “Estimated Imbalance Percentage” for that Month as follows for purposes of determining the maximum percentage at which Shipper’s Net Monthly Imbalance shall be resolved below. The Estimated Imbalance Percentage shall be equal to the sum of the estimated imbalances (over-deliveries and under-deliveries) in effect for each of Shipper’s above-referenced Service Agreements at the end of the Month, as posted on High Point’s Internet Home Page, (“Estimated Monthly Imbalance”) divided by the lesser of (i) the quantity of gas deemed to be received or (ii) the quantity of gas deemed to be delivered under all such Service Agreements during the Month.

b. 1. Subject to the provisions of Sections 6.10.1(e) and (f) of the General Terms and Conditions, if Shipper has accrued a Net Monthly Imbalance such that the total quantities of gas received by High Point for Shipper’s account during the Month are less than the total quantities of gas delivered by High Point for Shipper’s account during the Month (“Negative Imbalance”) and such Net Monthly Imbalance is greater than 5,000 Dth, Shipper shall pay High Point for Shipper’s Net Monthly Imbalance at the following prices specified for each stated percentage that Shipper’s deliveries exceed its receipts; provided, however, that the cash-out price applicable to Shipper’s Net Monthly Imbalance shall be the price resulting from the lower of (i) Shipper’s Estimated Imbalance Percentage for the Month or (ii) Shipper’s actual imbalance percentage for the Month as defined in Section 6.10.1(a) of the General Terms and Conditions.
Percentage of Excess Deliveries | Price
--- | ---
0 to 2% | 100% of High Price
> 2 to 5% | 100% of High Price
> 5 to 10% | 115% of High Price
> 10 to 15% | 125% of High Price
> 15 to 20% | 140% of High Price
> 20% | 150% of High Price

If the System Negative Imbalance (N) exceeds the System Positive Imbalance (P) (“Majority Imbalance”), then the cash-out price shall be the High Price or a percentage of the High Price as set forth above. If P > N (“Minority Imbalance”), then the cash-out price shall be the Index Price.

For purposes of determining the tier at which a Majority Imbalance will be cashed out, the price will apply only to the quantities within a tier. For example, if there is a 6% imbalance, quantities that comprise the first 2% of the imbalance are priced at 100% of the High Price, quantities comprising the next 3% of the imbalance are priced at 100% of the High Price, and quantities comprising the remaining 1% of the imbalance are priced at 115% of the High Price.

2. Subject to the provisions of Sections 6.10.1(e) and (f) of the General Terms and Conditions, if Shipper’s Net Monthly Imbalance is less than or equal to 5,000 Dth, Shipper shall pay High Point for Shipper’s Net Monthly Imbalance at the Index Price.

c.

1. Subject to the provisions of Sections 6.10.1(e) and (f) of the General Terms and Conditions, if Shipper has accrued a Net Monthly Imbalance such that the total quantities of gas received by High Point for Shipper’s account during the Month are greater than the total quantities of gas delivered by High Point for Shipper’s account during the Month (“Positive Imbalance”) and such Net Monthly Imbalance is greater than 5,000 Dth, High Point shall pay Shipper for its Net Monthly Imbalance at the following prices specified for each stated percentage that Shipper’s receipts exceed its deliveries; provided, however, that the cash-out price applicable to Shipper’s Net Monthly Imbalance shall be the price resulting
from the lower of (i) Shipper’s Estimated Imbalance Percentage for the Month or
(ii) Shipper’s actual imbalance percentage for the Month as defined in Section
6.10.1(a) of the General Terms and Conditions.

<table>
<thead>
<tr>
<th>Percentage of Excess Receipts Price</th>
<th>100% of Low Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 2%</td>
<td>100% of Low Price</td>
</tr>
<tr>
<td>&gt; 2 to 5%</td>
<td>100% of Low Price</td>
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<tr>
<td>&gt; 5 to 10%</td>
<td>85% of Low Price</td>
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<tr>
<td>&gt; 10 to 15%</td>
<td>75% of Low Price</td>
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<tr>
<td>&gt; 15 to 20%</td>
<td>60% of Low Price</td>
</tr>
<tr>
<td>&gt; 20%</td>
<td>50% of Low Price</td>
</tr>
</tbody>
</table>

If the System Negative Imbalance (N) exceeds the System Positive Imbalance (P)
(“Minority Imbalance”), then the cash-out price shall be the Index Price. If P > N
(“Majority Imbalance”), then the cash-out price shall be the Low Price or a
percentage of the Low Price as set forth above.

For purposes of determining the tier at which a Majority Imbalance will be cashed
out, the price will apply only to the quantities within a tier. For example, if there
is a 6% imbalance, quantities that comprise the first 2% of the imbalance are
priced at 100% of the Low Price, quantities comprising the next 3% of the
imbalance are priced at 100% of the Low Price, and quantities comprising the
remaining 1% of the imbalance are priced at 85% of the Low Price.

2. Subject to the provisions of Sections 6.10.1(e) and (f) of the General Terms and
Conditions, if Shipper’s Net Monthly Imbalance is less than or equal to 5,000
Dth, Shipper shall pay High Point for Shipper’s Net Monthly Imbalance at the
Index Price.

3. It is agreed, however, that in the event Shipper owes High Point any payments
under subsection (b) above from a previous Month which are past due, High Point
shall have the right hereunder to offset payments it owes to Shipper under this
Section 6.10.1(c) of the General Terms and Conditions by such past due amounts
(inclusive of interest).

d. “System Positive Imbalance” (“P”) is equal to the absolute value (“abv”) of the sum of all
Shipper’s Positive Imbalances accrued during the Month.
“System Negative Imbalance” (‘N’) is equal to the absolute value (‘abv’) of the sum of all Shipper’s Negative Imbalances accrued during the Month.

The “Low Price” is equal to the lowest of the prices used by High Point, as set forth below, for calculating the Index Price for the Month in which Shipper’s Net Monthly Imbalance was incurred.

The “High Price” is equal to the highest of the prices used by High Point, as set forth below, for calculating the Index Price for the Month in which Shipper’s Net Monthly Imbalance was incurred.

The “Index Price” is equal to the sum of the prices published by the following publications for delivery to the System 1) during the Month in which Shipper’s Net Monthly Imbalance was incurred and 2) the first of the Month price or the first weekly price published during the Month following the Month in which the imbalance was incurred divided by the number of such prices utilized by High Point as determined below:

Imbalances of Shippers Utilizing Service to a Delivery Point on Facilities Owned by High Point:

i. Natural Gas Intelligence Weekly Gas Price Index, “South Louisiana,” “Southern Natural,” “Average”; and


Imbalances of Shippers Utilizing Service to a Delivery Point at Main Pass Block 260 Platform or on Destin Pipeline:

i. Natural Gas Intelligence Gas Price Index, “South Louisiana,” “Southern Natural,” “Average”;


iii. Inside F.E.R.C.’s Gas Market Report, “Florida Gas Transmission Company,” “Zone 3,” “Index”; and


With respect to Inside F.E.R.C.’s Gas Market Report, High Point will use the posting published for the first of each applicable Month. With respect to Natural Gas Intelligence Weekly Gas Price Index, High Point will use each of the weekly postings published during the Month in which the imbalance was incurred and the first weekly posting in the
In the event either of these publications or specific postings contained therein is discontinued, High Point will revise this Section 6.10.1(d) of the General Terms and Conditions to substitute another price index generally accepted in the natural gas industry. Until High Point receives approval from FERC to use such substitute index, High Point will continue to calculate the Index Price each Month based on the remaining index.

e. High Point will provide for the netting and trading of imbalances in the following manner:

1. On or before the ninth (9th) business day following the end of a month, High Point shall post on its Internet Home Page the Net Monthly Imbalance accrued by a Shipper hereunder during the previous month provided that said Shipper notifies High Point via High Point’s Internet Home Page or by facsimile machine no later than the last day of the Trading Period set forth below that Shipper wants to have its Net Monthly Imbalance posted. Shipper may also request within the same time period as provided above, High Point to post only its imbalance position; i.e., that Shipper is short or long during the month, to facilitate trading. Notices to post imbalances received by High Point on or before 11:45 a.m. shall be effective no later than 8:00 a.m. Central Clock Time the next business day. High Point shall not be required to post zero imbalances. Shipper may grant to High Point in writing the right to post its Net Monthly Imbalance or imbalance position on a standing basis; provided however, that if Shipper decides it does not wish High Point to post its imbalance or position for any month after it has issued a standing order to High Point, then Shipper must advise High Point at least three (3) days after the end of the month not to make the posting and Shipper must reinstitute the standing order in writing once it has revoked the standing order as provided above. Shipper shall have seventeen (17) business days after the end of the month (“Trading Period”) within which to trade Net Monthly Imbalances (whether in the same or opposing direction). Imbalance trades can only be withdrawn by the Shipper initiating the trade prior to confirmation of the trade by the confirming Shipper. Both Shippers that agree to trade all or part of their Net Monthly Imbalances must notify High Point in writing, by e-mail or electronically by High Point’s Internet Home Page on the form provided by High Point by 5:00 p.m. Central Clock Time on the last day of the Trading Period (“Imbalance Trade Confirmation”). Each Imbalance Trade Confirmation shall include the name of the Shipper sending the notice, the name of the other Shipper agreeing to the trade, the volume (in Dths) of the Shipper’s Net Monthly Imbalance that is to be traded, a certification that Shipper has taken all steps necessary to effect a trade with the other party, and, if applicable, confirmation of creditworthiness. Each Shipper to the trade agrees to indemnify and hold High Point harmless from and against any claims that either Shipper may have against the other arising out of or as a result of the trade. Upon receipt of the Imbalance Trade Confirmation, High Point shall send to each Shipper a notice of receipt (“Imbalance Trade Notification”) no later than 12:00 noon Central Clock Time of the next business day. Imbalance trades are considered final when confirmed by the
confirming Shipper and effectuated by High Point.

2. Shipper may elect to remedy all or any portion of its Net Monthly Imbalance with a park or a loan under High Point’s Park and Loan services described in Rate Schedule PAL provided High Point determines in its reasonable judgment that system operations will tolerate such park or loan. To exercise this option to use High Point’s Park and Loan services to remedy a Net Monthly Imbalance, Shipper must contact High Point by e-mail or telephone prior to the close of the Trading Period for the month in which the imbalance is incurred to execute a PAL Service Agreement. Following execution of Exhibit A to the PAL Service Agreement, the Shipper’s Net Monthly Imbalance will be adjusted by the amount of the park and/or loan.

3. High Point shall not calculate Shipper’s Net Imbalance Percentage under Section 6.10.1(a) of the General Terms and Conditions for a month until all trades for such month are completed pursuant to this Section 6.10.1(e).

f. In the event there is a prior period adjustment to the quantities of gas booked under Shipper’s Service Agreements due to metering errors or other errors attributable to High Point’s responsibilities under its FERC Gas Tariff, the quantity of such adjustment shall be cashed out at 100% of the Index Price for the Month in which the error occurred or the Month in which the error was discovered, whichever is to Shipper’s benefit.

g. Operational Transactions: High Point may, from time to time, in its discretion, enter into purchase or sale transactions with third parties to balance the System and to maintain operational integrity of the System (“Operational Transactions”). Operational Transactions may include, but not be limited to, purchases or sales (i) to maintain System pressure and line pack; (ii) to balance Unaccounted for Gas quantities; (iii) to resolve Shipper imbalances; (iv) to maintain an appropriate level of storage inventory; and (v) to perform other operational functions of High Point. Such Operational Transactions shall be conducted on a not unduly discriminatory basis either by negotiating directly with individual parties or through an open season posted on High Point’s Internet Home Page.

h. Shipper utilizing service to the Delivery Point at Main Pass Block 289 Platform or to a Delivery Point on Destin Pipeline shall be responsible for charges, fees or assessment imposed on High Point by either or both of High Point Gas Gathering or Destin Pipeline resulting from any Positive Imbalance or Negative Imbalance of Shipper.
6.11. BILLING AND PAYMENT

6.11.1 Billing

High Point will render its bill on or before the ninth (9th) Business Day of each Month for the charges due for services rendered under a Service Agreement during the previous Month, computed in accordance with the Shipper’s applicable rate schedule. Invoices will be mathematically accurate and calculated using the net billing rate. Unless otherwise agreed, invoices will state the net billing rate, rather than the maximum tariff rate and discount amount. Invoices will be based on actuals (if available) or best available data. Quantities at points where OBAs exist will be invoiced based on scheduled quantities.

High Point will render a written invoice to Shipper, unless Shipper requests that High Point render an invoice via EDI. Both written and electronic invoices will use the description, charge codes and common codes set forth in the NAESB Standards. Invoices will specify all rate components. High Point will provide supporting data, if applicable, at the time it renders invoices. To the extent additional supporting information is requested, such information will be provided within five (5) Business Days of a request.

Upon request, High Point will provide Shipper a Statement of Account, on which it will report outstanding balances by invoices.

6.11.2 Payments to High Point

Shipper agrees to make payment to High Point for services or any other charges within ten (10) days from the date the invoice is rendered. Such payment shall include supporting documentation and remittance detail, including identification of invoice number(s) being paid. Unless another suitable method of payment is agreed to by High Point, Shipper shall make payment via Federal Reserve wire transfer to the bank designated by High Point. Remittance detail supporting the wire transfer must be mailed, faxed or sent via EDI within twenty-four (24) hours of the wire transfer payment to the address designated in a Service Agreement. High Point will apply payments in accordance with the supporting documentation and remittance detail provided by the Shipper, and if payment differs from invoiced amount, remittance detail will be provided with the payment except when payment is made by electronic funds transfer, in which case, the remittance detail is due within two Business Days of the payment due date. Should Shipper fail to pay all of the amount of any bill for service or any additional charges hereunder when such amount is due, interest on the unpaid portion shall accrue at an interest rate equal to the current FERC interest rate, as defined in Section 154.501(d) of FERC’s regulations, from the date due until the date payment is received by High Point.

If such failure to pay for services or any additional charges continues for thirty (30) days after such payment is due, in addition to any other remedy, High Point may without liability, suspend
further delivery of gas until any overdue amount is paid. However, if Shipper, in good faith, shall dispute the amount of any such bill or part thereof and shall pay High Point in a timely manner such amounts as it concedes to be correct and at any time thereafter within ten (10) days of a demand made by High Point, and shall 1) furnish a good and sufficient surety bond, in amount and with sureties satisfactory to High Point, or 2) place such disputed amounts in escrow, both conditioned upon the payment of any amounts ultimately found due upon such bills after final determination, which may be reached either by agreement or judgment of the courts as may be the case, High Point shall not be entitled to suspend further delivery of gas unless and until default be made in the conditions of such bond or escrow account.

In the event Shipper, in good faith, shall dispute the amount of any such bill, Shipper shall pay the portion not in dispute within ten (10) days from the date the invoice is rendered and provide documentation of the basis for the dispute. If it is ultimately determined either by agreement or judgment of the courts as may be the case that Shipper’s bill should be reduced, High Point shall pay interest on the overpaid portion of said bill, such interest accruing from the date payment is received by High Point until the time refunds are made to Shipper, at an interest rate equal to the current FERC interest rate as defined above. Unless otherwise specified in a Service Agreement, the effective payment date of an invoice when such due date does not fall upon a Business Day will be the first Business Day following the due date.

6.11.3 Adjustment of Billing Errors

In the event an error is discovered in the amount billed or in any statement rendered by High Point, such error shall be adjusted within thirty (30) days of the determination thereof; provided, however, that any claim for adjustment must be made within six (6) Months from the date of such statement. Shipper will have no less than three (3) Months to dispute an adjustment. Adjustments may be made after this time period if all affected parties agree. This time limit will not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties’ other statutory or contractual rights will not otherwise be diminished by this provision. In the event that any portion of a statement is in dispute, payment of the disputed portion shall not be deemed a waiver of the right to contest such disputed portion in any forum having jurisdiction in the premises.

Prior period adjustments will be reported by production Month.

6.11.4 Fees

Shipper shall reimburse High Point for all fees required by FERC, or any regulatory body, which are attributable to service provided under a Service Agreement, including, but not limited to, filing, reporting and application fees.

6.11.5 Creditworthiness of Shipper
High Point shall not be required to perform or to continue transportation or other services under this FERC Gas Tariff or any Service Agreement on behalf of any Shipper who is or who has become insolvent or who, at High Point’s request, fails within a reasonable period to demonstrate creditworthiness. Upon submission of a Request for Service by the Shipper, and then from time to time at High Point’s request, Shipper shall provide High Point the following information in order for High Point to analyze Shipper’s creditworthiness: Shipper’s latest audited financial statements, annual report, Form 10-K, a list of affiliates, three credit references and trade reference ratings and credit bureau reports. For purposes of this FERC Gas Tariff, the insolvency of a Shipper shall be evidenced by:

a. the filing by such Shipper, or parent entity thereof, of a voluntary petition in bankruptcy;

b. the entry of a decree or order by a court having jurisdiction in the premises adjudging the Shipper as bankrupt or insolvent;

c. the approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of, or in respect of, the Shipper under the Federal Bankruptcy Act or any other applicable federal or state law;

d. the appointing of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Shipper or of any substantial part of the Shipper’s property; or

e. the ordering of the liquidation of Shipper’s affairs, with said order or decree continuing unstayed and in effect for a period of sixty (60) consecutive days.

6.11.6 Creditworthiness Standards

High Point will support NAESB Version 2.0 business practices with respect to creditworthiness standards.

6.11.7 Credit Appraisal

High Point’s credit appraisal procedures involve the establishment of dollar credit limits for each Shipper. To the extent that the value of the services provided to a Shipper do not exceed the established credit limit, no new credit appraisal will be conducted if a Service Agreement is amended or Shipper requests new services, provided that the Shipper’s payment history with High Point has been satisfactory and there is no bona fide basis for questioning a Shipper’s creditworthiness. If a Shipper fails to demonstrate creditworthiness, Shipper may obtain service under this FERC Gas Tariff and any Service Agreement by providing one of the following in an amount equal to the cost of performing the maximum service requested by Shipper for a three (3) Month period:

a. advance deposit;
b. standby irrevocable letter of credit drawn on a bank acceptable to High Point;

c. security interest in collateral found to be satisfactory to High Point; or

d. guaranty, acceptable to High Point, by any firm, corporation, agent, assignee or legal representative who satisfies the creditworthiness criteria of Section 6.11.5 of the General Terms and Conditions.
6.12. CAPACITY RELEASE

6.12.1 Eligibility

Any Shipper with a Firm Service Agreement is eligible to release all or part of its capacity to a Replacement Shipper on a permanent or temporary basis, subject to the provisions of this Section 6.12 of the General Terms and Conditions.

6.12.2 Types and Conditions of Releases

a. Permanent Release

A Releasing Shipper may release all or part of its firm capacity under a Firm Service Agreement for the entire remaining primary term of the Firm Service Agreement (“Permanent Release”). The Replacement Shipper must contract for the Primary Receipt Point(s) and the Primary Delivery Point(s) specifically set forth in a Releasing Shipper’s Firm Service Agreement. A Permanent Release operates as an assignment of capacity and, except as provided below with respect to continuing payment obligations, all of the terms and conditions applicable to firm transportation service including the requirements related to creditworthiness must be met by the Replacement Shipper prior to the effective date of the assignment. The Replacement Shipper shall execute a separate Firm Service Agreement for the released capacity at the rate bid by the Releasing Shipper and accepted by the Releasing Shipper up to the maximum rate (except as provided for herein) and for the primary term originally set forth in the Releasing Shipper’s Firm Service Agreement with High Point. The Releasing Shipper will remain obligated to pay the difference, if any, between the accepted bid and the applicable rate for the remainder of the existing Firm Service Agreement term. Permanent Releases with a remaining term of one year or less, if the release is to take effect on or before one (1) year from the date on which High Point is notified of the release, may be in excess of the maximum tariff rate. The rate for all other Permanent Releases with a remaining term of one year or less, and for a Permanent Release with a term greater than one (1) year is capped at the maximum tariff rate. Notwithstanding anything herein to the contrary, High Point may refuse to allow a Permanent Release if it has a reasonable basis to conclude that it will not be financially indifferent to the release.

b. Temporary Release

A Releasing Shipper may temporarily release all or part of its firm capacity for a specified term without a right of recall (“Temporary Release”). The minimum term for any Temporary Release is one (1) Day. A Replacement Shipper who is awarded firm capacity pursuant to a Temporary Release shall execute a Confirmation Letter pursuant to the Form of Service Agreement for Firm Transportation Service. Such Confirmation Letter will be for the released capacity at the rate bid by the Replacement Shipper and accepted by the Releasing Shipper, up to the maximum rate (except as provided for herein) and for the term bid by the Replacement Shipper. For Temporary
Releases with terms of one (1) year or less, if the release is to take effect on or before one (1) year from the date on which High Point is notified of the release, bids may be in excess of the maximum tariff rate. All other Temporary Releases with terms of one (1) year or less, and Temporary Releases with terms greater than one (1) year are capped at the maximum tariff rate.

c. Temporary Release - Subject to Recall

A Releasing Shipper may temporarily release all or part of its firm capacity subject to recall by the Releasing Shipper upon the occurrence of the condition(s) specified in the Releasing Shipper’s Offer to Release Firm Capacity. The minimum term for any Temporary Release subject to recall will be one (1) Day. A Replacement Shipper who is awarded capacity pursuant to a Temporary Release subject to recall shall execute a Confirmation Letter pursuant to the Form of Service Agreement for Firm Transportation Service. Such Confirmation Letter will be for the released capacity, subject to the right of recall, at the rate bid by the Replacement Shipper, and for the term bid by the Replacement Shipper.

(1) Recall Rights

A Releasing Shipper must define at the time of the release the condition(s) under which the released firm capacity will be recalled. Such recall condition(s) shall not be inconsistent with the terms and conditions of the Releasing Shipper’s Firm Service Agreement or with the provisions of this FERC Gas Tariff. The recall conditions specified by the Releasing Shipper must involve identifiable events. A Releasing Shipper may, to the extent permitted as a condition of the capacity release, recall released capacity (scheduled or unscheduled) at the Timely Nomination cycle and the Evening Nomination cycle, and recall unscheduled released capacity at the Intraday 1, Intraday 2 and Intraday 3 Nomination cycles by providing notice to High Point and affected Replacement Shippers (by a mode mutually agreeable to the parties) on the day that nominations are due by the following times for each cycle: For the recall notification provided to High Point, including intraday capacity recall, the quantity shall be expressed in terms of adjusted total released capacity entitlements based upon the Elapsed Pro Rata Capacity.

(i) Timely Recall Notification (all times are in Central Clock Time):

(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 8:00 a.m. on the day that Timely Nominations are due; and

(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the day that Timely Nominations are due.

(ii) Early Evening Recall Notification (all times are in Central Clock Time):

(a) A Releasing Shipper recalling capacity should provide notice of such
recall to the TSP and the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due; and

(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening Nominations are due.

(iii) Evening Recall Notification (all times are in Central Clock Time):

(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due; and

(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening Nominations are due.

(iv) Intraday 1 Recall Notification (all times are in Central Clock Time):

(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due; and

(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the day that Intraday 1 Nominations are due.

(v) Intraday 2 Recall Notification (all times are in Central Clock Time):

(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 12:00 p.m. on the day that Intraday 2 Nominations are due; and

(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 1:00 p.m. on the day that Intraday 2 Nominations are due.

(vi) Intraday 3 Recall Notification (all times are in Central Clock Time):

(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due; and
(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due.

Notification to Replacement Shippers will be provided by High Point within one hour of receipt of recall notification. Service flexibility available to either the Releasing Shipper or the Replacement Shipper(s) for the subject capacity shall not be less as a result of the recall. High Point has the right to rely on Releasing Shipper’s notice and Releasing Shipper shall defend and indemnify High Point against any claims, losses, liabilities or expenses resulting from claims by any Replacement Shipper that firm capacity was not recalled in accordance with the recall rights specified by the Releasing Shipper in its Offer to Release Firm Capacity.

(2) Reversion to Replacement Shipper

High Point will support the function of repurposing by Releasing Shippers, as set forth below.

The repur method and rights must be specified at the time of the deal, and should be negotiated between the Releasing Shipper and the Replacement Shipper.

If the Releasing Shipper has recalled capacity in accordance with its recall rights and time remains in the term of the release, the capacity may revert to the Replacement Shipper upon notice by the Releasing Shipper to High Point by 8:00 a.m. Central Clock Time on the Day prior to the Day on which the capacity is to revert to the Replacement Shipper, and the proper nomination of the released capacity by the Replacement Shipper in accordance with Section 6.6 of the General Terms and Conditions. When capacity is recalled, it may not be repur for the same Gas Day.

d. Secondary Release of Firm Capacity

Following execution of a Confirmation Letter pursuant to the Form of Service Agreement for Firm Transportation Service, for firm capacity released in accordance with this Section 6.12 of the General Terms and Conditions, a Replacement Shipper may subsequently release the capacity it has acquired in accordance with the terms of this Section, thereby becoming a Secondary Releasing Shipper; provided, however, a Secondary Release is not permitted for capacity acquired under a volumetric rate. A Secondary Release of capacity cannot operate to release greater capacity rights than the capacity acquired by the Secondary Releasing Shipper. To the extent that a Secondary Releasing Shipper acquired firm capacity is subject to recall in accordance with Section 6.12.2(c) of the General Terms and Conditions, the capacity then released by the Secondary Releasing Shipper, and any subsequent Secondary Release of the capacity thereafter, shall also be subject to the same right of recall. A Replacement Shipper who is awarded firm capacity under a Secondary Release shall be required to execute a Confirmation
Letter for the released capacity at the rate bid by the Replacement Shipper and accepted by the Releasing Shipper up to the maximum rate (except as provided for herein) and for the term bid by the Replacement Shipper. A Secondary Release for one (1) year or less, if the release is to take effect on or before one (1) year from the date on which High Point is notified of the release, may be at a rate in excess of the maximum tariff rate. All other Secondary Releases with terms of one (1) year or less, and Secondary Releases with terms greater than one (1) year are capped at the maximum tariff rate.

6.12.3 Term of Release

The minimum term for any release, whether permanent, temporary, temporary subject to recall, or secondary is one (1) day. The maximum term for any release shall be the remaining primary term in the Releasing Shipper’s Firm Service Agreement.

6.12.4 Timetable for Release Events

The Capacity Release Timetable is applicable to all parties in the capacity release process provided that 1) all information provided by the parties is valid and the Replacement Shipper has been determined to be creditworthy before the capacity release bid is tendered. All times are Central Clock Time. 2) for index-based capacity release transactions, the releasing shipper has provided the Transportation Service Provider with sufficient instructions to evaluate the corresponding bid(s) according to the timetable, and 3) there are no special terms or conditions of the release. Further, the Transportation Service Provider may complete the capacity release process on a different timetable if the offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by the TSP).

a. Offers to Release Capacity for One Year or less:

I. For biddable releases (One Year or less):

- Offers should be tendered by 9:00 a.m. on a Business Day;
- open season ends no later than 10:00 a.m. on a Business Day (evaluation period begins at 10:00 a.m. during which contingency is eliminated, determination of best bid is made, and ties are broken);
- evaluation period ends and award posted if no match required at 11:00 a.m.;
- match or award is communicated by 11:00 a.m.;
- match response by 11:30 a.m.;
- where match required, award posting by 12:00 p.m.;
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract;

- a Confirmation Letter (for a Temporary Release) or an Firm Service Agreement (with a new contract number, when applicable, for a Permanent Release with a remaining term less than one year) will be tendered to the Replacement Shipper within one hour of posting; and

- Shipper will be eligible to nominate beginning at the next available nomination cycle for the effective date of the contract under Section 6.6 of the General Terms and Conditions; Shipper will be required to return an executed Confirmation Letter or Firm Service Agreement prior to gas flow.

II. For pre-arranged, non-biddable releases, the following schedule shall be effective:

Timely Nomination Cycle:

- posting of prearranged deals not subject to bid are due by 12:00 p.m.; and

- contract issued within one hour of award posting (with a new contract number, when applicable) nomination possible beginning at the next available nomination cycle for the effective date of the contract.

Evening Nomination Cycle:

- posting of prearranged deals not subject to bid are due by 5:00 p.m.; and

- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.

Intraday 1 Nomination Cycle:

- posting of prearranged deals not subject to bid are due by 9:00 a.m.; and

- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.
Intraday 2 Nomination Cycle:

- posting of prearranged deals not subject to bid are due by 1:30 p.m.; and
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.

Intraday 3 Nomination Cycle:

- posting of prearranged deals not subject to bid are due by 6:00 p.m.; and
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.

For all nomination cycles, Replacement Shippers must return an executed Confirmation Letter or Firm Service Agreement, as applicable, prior to gas flow.

b. Offers to Release Capacity for Greater than One Year:

I. For biddable releases (Greater than One Year):

- Offers should be tendered by 9:00 a.m. on a Business Day;
- Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days;
- evaluation period begins at 10:00 a.m. during which contingency is eliminated, determination of best bid is made, and ties are broken;
- evaluation period ends and award posted if no match required at 11:00 a.m.;
- match or award is communicated by 11:00 a.m.;
- match response by 11:30 a.m.;
- where match required, award posting by 12:00 p.m.;
- contract issued within one hour of award posting with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract;

- a Confirmation Letter (for a Temporary Release) or an Firm Service Agreement (with a new contract number, when applicable, for a Permanent Release) will be tendered to the Replacement Shipper within one hour of posting; and

- Shipper will be eligible to nominate beginning at the next available nomination cycle for the effective date of the contract under Section 6.6 of the General Terms and Conditions; Shipper will be required to return an executed Confirmation Letter or Firm Service Agreement prior to gas flow.

II. For pre-arranged, non-biddable releases, the following schedule shall be effective:

Timely Nomination Cycle:

- posting of prearranged deals not subject to bid are due by 12:00 p.m.; and

- contract issued within one hour of award posting (with a new contract number, when applicable) nomination possible beginning at the next available nomination cycle for the effective date of the contract.

Evening Nomination Cycle:

- posting of prearranged deals not subject to bid are due by 5:00 p.m.; and

- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.

Intraday 1 Nomination Cycle:

- posting of prearranged deals not subject to bid are due by 9:00 a.m.; and

- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.
Intraday 2 Nomination Cycle:

- posting of prearranged deals not subject to bid are due by 1:30 p.m.; and
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.

Intraday 3 Nomination Cycle:

- posting of prearranged deals not subject to bid are due by 6:00 p.m.; and
- contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.

For all nomination cycles, Replacement Shippers must return an executed Confirmation Letter or Firm Service Agreement, as applicable, prior to gas flow.

c. For releases of thirty-one (31) days or less, if the Releasing Shipper identifies a prearranged Replacement Shipper (“Prearranged Replacement Shipper”), and the Prearranged Replacement Shipper agrees to pay the applicable maximum rate and agrees to comply with all the conditions of the release, the notice and bidding procedures of this section shall not apply and High Point will offer the capacity to the Prearranged Replacement Shipper, subject to the time line set forth in Sections 6.12.4(a) and (b) of the General Terms and Conditions. If the Prearranged Replacement Shipper has not agreed to pay the applicable maximum rate and if the best bid(s) exceed(s) the bid agreed upon by the Prearranged Replacement Shipper, the Prearranged Replacement Shipper must notify High Point that it wishes to take the released capacity and that it will match the bid, subject to the time line set forth in Sections 6.12.4(a) and (b) of the General Terms and Conditions. If the Prearranged Replacement Shipper provides such timely notice, High Point shall tender a Confirmation Letter pursuant to the Form of Service Agreement for Firm Transportation Service. If the Prearranged Replacement Shipper does not provide such timely notice, High Point will offer the capacity to the bidder(s) who submitted the best bid(s). The Prearranged Replacement Shipper must confirm the prearranged deal via fax or EDI.
6.12.5 Offer to Release Firm Capacity

Offers to Release Firm Capacity must be submitted in accordance with the schedules set forth in Section 6.12.4 of the General Terms and Conditions. Such offers must be 1) in writing (faxes are acceptable) and in the form (Offer to Release Firm Capacity) as provided below, 2) posted on High Point’s Internet Home Page or 3) uploaded via EDI.

Offers to Release Firm Capacity are binding until electronic notice of withdrawal is received by High Point. A Releasing Shipper may withdraw its Offer to Release Firm Capacity at any time prior to the receipt by High Point of a bid for the capacity that meets the Releasing Shipper’s minimum bid specifications and where unanticipated circumstances justify. The number of decimal places for offers shall be equal to the number of decimal places for the rates for service under Rate Schedule FTS.

High Point shall collect all Offers to Release Firm Capacity, review such offers for completeness and accuracy, and assign an Offer Number to each offer. High Point will post completed Offers to Release Firm Capacity, including the rate applicable to the capacity, the date and time by which bids must be submitted in accordance with the capacity release timetable, and the specific terms and conditions of the release, on High Point’s Internet Home Page upon receipt of the Offer to Release Firm Capacity, unless the Releasing Shipper requests otherwise, and specifies a posting time that comports with the standard time set forth in the NAESB Standards. All offers will remain on High Point’s Internet Home Page for the bid period specified by the Releasing Shipper, but not less than one (1) hour.

Any Shipper offering to release all or part of its firm capacity under a Firm Service Agreement shall provide the following information:

a. The Releasing Shipper’s Name and Firm Service Agreement Number;

b. The type of release (permanent, temporary or temporary subject to recall) and any objectively stated recall/reput criteria;

c. The reservation quantity offered for the release and the minimum acceptable bid quantity, which shall be expressed as a numeric quantity only;

d. The Primary Receipt Point(s) and the Primary Delivery Point(s);

e. The term of the release and the minimum acceptable bid term;

f. The Prearranged Replacement Shipper’s name, address, contact person, telephone number, fax number and Firm Service Agreement number, if applicable;
g. The reservation rate and the minimum acceptable rate on a reservation rate basis or a volumetric basis imputed on a 100 percent load factor basis, including any minimum volumetric commitment, and whether bids will be accepted on a rate or percentage basis;

h. Whether the release is to an asset manager as defined in 18 C.F.R. Section 284.8(h)(3), and if so, the asset manager’s obligation to deliver gas to, or purchase gas from, the Releasing Shipper; and whether the release is to a marketer participating in a state-regulated retail access program as defined in 18 C.F.R. Section 284.8(h)(4);

i. The acceptable method for bidding on a given Offer to Release Firm Capacity: Non-Index based release - dollars and cents; Non-Index based release - percentage of maximum rate; or Index-based formula as detailed in the capacity release offer;

j. The best bid evaluation methodology (highest rate, net revenue, or present value) and tie breaker, if different from High Point’s methodology. If the Releasing Shipper elects to accept volumetric bids, the Releasing Shipper must also specify the method to rank competing volumetric bids, volumetric bids with a minimum volumetric commitment and reservation rate bids, consistent with the rules and regulations enunciated by FERC;

k. The acceptable terms of contingent bids, if permitted, the deadline for eliminating the contingency before capacity is awarded to the next best bidder, and the method for evaluating contingent bids;

l. Special terms or conditions of release; and

m. Minimum posting and bid period, if longer than as provided in this FERC Gas Tariff.

The information required in an Offer to Release Firm Capacity must be posted on High Point’s Internet Home Page, submitted via EDI or submitted in writing in the following form:

**HIGH POINT GAS TRANSMISSION, LLC**  
**OFFER TO RELEASE FIRM CAPACITY**

1. Releasing Shipper’s Name: _______________________

2. Releasing Shipper’s Firm Service Agreement Number:  
   _______________________

3. Type of Release:  
   _____ Permanent
4. If Release is subject to recall, provide criteria for recall:
   
   _____ Specific Dates: ______________________________
   
   ______________________________
   
   ______________________________
   
   _____ Specific Events: ______________________________
   
   ______________________________
   
   ______________________________
   
5. If recalled capacity is subject to reput, provide criteria for reput:
   
   ____________________________________________
   
   ____________________________________________
   
   ____________________________________________
   
6. Reservation Quantity Offered for Release:
   
   _____ Dth/d
   
7. Minimum Acceptable Release Quantity:
   
   _____ Dth/d
   
8. Primary Receipt Point(s):

   Maximum Daily Reservation Quantity/Dth
   
   ___
   
   ___
   
   ___
9. Primary Delivery Point(s):

Maximum Daily Reservation Quantity/Dth

___
___
___

10. Release Term:

Commencement Date: ________________

Termination Date: ________________

11. Minimum Acceptable Release Term:

Commencement Date: ________________

Termination Date: ________________

12. Minimum Rate for acceptable bid:

Reservation Rate $_____ /Dth; or

Volumetric Rate $_____ /Dth

Minimum Volumetric Commitment ___________/Dth

13. Is this a Prearranged Release? _____Yes _____No

Prearranged Replacement Shipper’s Name ________________________________

Address ____________________________________________________________

Contact Person ____________________ Fax Number ______________________

Phone Number ___________ Firm Service Agreement Number (if applicable) __________________
14. Is this Release to an Asset Manager?  ___Yes     _____No

If yes, asset manager’s obligation to deliver gas to, or purchase gas from, Releasing Shipper:
______________________________________________

15. Is this Release to a marketer participating in a state-regulated retail access program:
_____Yes     _____No

16. Best Bid Methodology: (Choose One)

Highest Rate: _____
Net Revenue: _____
Present Value: _____

17. Tie Breaker Criteria:
______________________________________________

______________________________________________

18. Acceptable Terms of Contingent Bids:
______________________________________________

______________________________________________

19. Contingent Bid Deadline:
______________________________________________

______________________________________________

20. Other Special Terms or Conditions of Release:
______________________________________________

______________________________________________

21. Authorized Signature of Releasing Shipper:

______________________________________________

Name: ________________________________________
6.12.6 Submittal of Bids

During the open season and bid submittal periods, all valid bids (excluding bidder’s name) will be posted upon receipt. All bids will be binding until electronic notice of withdrawal is received by High Point. A bid may be withdrawn prior to the close of the bidding period, but the withdrawing bidder may not rebid on the same capacity at a lower rate. The releasing party has the right to withdraw its offer during the bid period, where unanticipated circumstances justify and no minimum bid has been made. There will be no extensions of the original bid period or the prearranged deal match period. The number of decimal places for offers shall be equal to the number of decimal places for the rates for service under Rate Schedule FTS. High Point will post completed bids on High Point’s Internet Home Page. High Point will post bids, including prearranged deals, upon receipt, unless Releasing Shipper requests otherwise. If a Releasing Shipper requests a posting time, High Point will support such request insofar as it comports with the standard timeline set forth in the NAESB Standards. Bids on released capacity for a period of one (1) year or less, if the release date is to take effect on or before one (1) year from the date on which High Point is notified of the release, may be in excess of the maximum rate. All other bids on released capacity for a period of one (1) year or less, or bids on released capacity for a period of greater than one (1) year are capped at the maximum rate.

Prior to bidding on any Offer to Release Firm Capacity, a bidder must prequalify by satisfying the creditworthiness requirements in Section 6.12.11 of the General Terms and Conditions and executing a Form of Service Agreement for Firm Transportation Service. High Point shall date and time stamp all bids as they are received. High Point will post the relevant terms of all bids, other than the name of the bidder, upon receipt. A separate bid is required for each separate Offer to Release Firm Capacity. The price bid on any Offer to Release Firm Capacity must be consistent with the form requested by the Releasing Shipper, and may be submitted on a reservation rate or percentage basis or on a volumetric basis calculated at the 100% load factor derivative of the Maximum Reservation Rate, and may contain a minimum volumetric commitment. Releases of capacity for one (1) year or less, if the release is to take effect on or before one (1) year from the date on which High Point is notified of the release, may be in excess of the maximum tariff rate. All other releases with terms of one (1) year or less or releases with terms greater than one (1) year are capped at the maximum tariff rate. Any volumetric bids...
should only relate to the reservation rate, since the usage rate used to determine the usage charges and any other volumetric charges will be billed by High Point directly to the Replacement Shipper and will not be considered in the determination of the best bid. All bids on Temporary Releases of capacity must be for the specified Receipt and Delivery Points set forth in the Offer to Release Firm Capacity. Any prequalified bidder submitting a bid for all or part of any released capacity shall provide the following information:

a. Bidder’s name, address, phone number, fax number, and contact person;

b. The offer under which the capacity is available;

c. The requested Primary Receipt Point(s) and the Primary Delivery Point(s) and the quantity (in Dth per day) for each point;

d. The rate or percentage bid on a reservation charge basis. If the Releasing Shipper has allowed a volumetric release, the bid may be converted into a volumetric charge. The maximum rate for volumetric releases may be in excess of the maximum tariff rate if the term of the release is for one (1) year or less, if the release is to take effect on or before one (1) year from the date on which High Point is notified of the release. For all other releases with a term of one (1) year or less and for releases greater than one (1) year, the maximum rate is the 100% load factor derivative of the Maximum Reservation Rate. The bid may include a minimum volume commitment, if requested by the Releasing Shipper.

e. Any other conditions necessary to meet the terms of the Offer to Release Firm Capacity;

f. The minimum amount of prorated capacity that the bidder will accept, if prorationing is necessary; and

g. The bids for given capacity release offer shall adhere to the method specified by the Releasing Shipper. The bidder may bid the Maximum Reservation Rate, in High Point’s FERC Gas Tariff, as an alternative to the method specified by the Releasing Shipper, except when the release is index-based for a term of one year or less. Written bids should be submitted on the following form:

HIGH POINT GAS TRANSMISSION, LLC
BID FOR RELEASED FIRM CAPACITY

1. Bidder’s Name: _______________________________
2. Bidder’s Prequalification Number: __________________
3. Are You a Prearranged Replacement Shipper?_____ Yes _____ No
4. Bid for Offer Number: __________________________
5. Releasing Shipper’s Firm Service Agreement Number: 
________________________

6. Acceptance of Release Term:

_____ Full Term as Offered

_____ Other Term

Commencement Date: ________________

Termination Date: ________________

7. Reservation Quantity Bid Upon: (check and fill out one)

_____ Full Reservation Quantity of _____ Dth/d as Offered

_____ Other Reservation Quantity of _____ Dth/d

8. Primary Receipt Point(s):

Maximum Daily Reservation Quantity/Dth

___

___

___

9. Primary Delivery Point(s):

Maximum Daily Reservation Quantity/Dth

___

___

___
10. Reservation Rate Bid:

Reservation Rate $________/Dth

or

Reservation Rate Percentage _____%

or

Volumetric Rate $________/Dth

Maximum Volumetric Rate to be calculated on the basis of the 100% load factor derivative of the Maximum Reservation Rate.

Minimum Volumetric Commitment _______ Dth/Month

11. Contingent Bid and Conditions:

________________________________________________________________________

________________________________________________________________________

12. Minimum acceptable award quantity ____________ Dth/Day

13. Other Special Terms or Conditions of Bid:

________________________________________________________________________

________________________________________________________________________

Authorized Signature of Bidding Shipper:

________________________________________________________________________

Name:________________________________________

Telephone: (_____)__________________________

Fax:__________

For High Point’s Use: Bid Number:________________________

Date Received:_________ Time Received:_______
6.12.7 Determination of Best Bid

At the close of the bid period, High Point will review each bid to determine whether a bid will be deemed eligible for consideration as the best bid. Any bid deemed ineligible shall be eliminated from consideration. Bids will be deemed ineligible if:

a. Bidder has not prequalified in accordance with Section 6.12.11 of the General Terms and Conditions.

b. Bidder has not submitted its bid prior to the deadline posted by High Point on its Internet Home Page.

c. The Bid for Released Firm Capacity does not meet the minimum criteria established in the Offer to Release Firm Capacity.

As specified in the Offer to Release Firm Capacity, the best bid will be determined using one of the following methods: highest rate, net revenue, or present value. If the Releasing Shipper elects to accept volumetric bids or volumetric bids with a minimum volumetric commitment, the Releasing Shipper must have also specified the method to rank competing volumetric and reservation charge bids.

High Point will evaluate and rank all bids and will award bids, best bids first, until all offered capacity is awarded. Each bid shall be subject to the rights of a Prearranged Replacement Shipper to match the bid in accordance with Section 6.12.9 of the General Terms and Conditions.

If there is a tie for the best bid, and there is no Prearranged Replacement Shipper who has agreed to match the best bid, the bid will be determined by means of a lottery, with all capacity being allocated to the winner(s), unless the Offer to Release Firm Capacity specifies a different tiebreaker.

6.12.8 Award of Capacity and Posting of Bids

Upon determination and acceptance of the best bid(s), the winning Replacement Shipper(s) will be notified in writing and electronically by High Point. High Point will post notice on High Point’s Internet Home Page that the capacity has been awarded. The notice will include the Replacement Shipper’s name(s) and the price, reservation quantity and term of the best bid. A Confirmation Letter incorporating the terms of the accepted bid shall be tendered to the Replacement Shipper(s) by High Point within one hour of awarding capacity, and executed by the Replacement Shipper(s). The number of decimal places for offers shall be equal to the number of decimal places for the rates for service under Rate Schedule FTS.
If no bids are submitted by the bid deadline, the Offer to Release Firm Capacity will be removed from High Point’s Internet Home Page.

6.12.9 Prearranged Releases

a. Prearranged Releases Not Subject to Bidding

(1) Thirty-one Days or Less

A Releasing Shipper may release its firm capacity to a Prearranged Replacement Shipper for a term of thirty-one (31) days or less without prior posting or bidding for the released capacity. The Releasing Shipper and its Prearranged Replacement Shipper shall notify High Point of the terms of the prearranged release. High Point will post on its Internet Home Page an announcement of the release in accordance with the time line specified in Section 6.12.4 of the General Terms and Conditions. The Prearranged Replacement Shipper must comply with the prequalification requirements applicable to the bid process and the creditworthiness requirements of Section 6.12 of the General Terms and Conditions. The Prearranged Replacement Shipper shall also execute a Confirmation Letter for the released capacity at the rate and for the term specified in the aforementioned notice to High Point. Once the term of the release hereunder has expired, the Releasing Shipper cannot rollover or extend the release period, or re-release its capacity to the same Replacement Shipper under this provision until twenty-eight (28) after the termination of the prior release. However, the Releasing Shipper may release the capacity to the same Replacement Shipper if the capacity is posted for bidding under the provisions of Section 6.12.9(b) of the General Terms and Conditions or the Releasing Shipper may release the capacity to an asset manager under an asset management agreement or to a marketer under a state-regulated retail access program, as defined in 18 C.F.R. Section 284.8.

(2) Maximum Rate

A Releasing Shipper may release its firm capacity to a Prearranged Replacement Shipper without posting or bidding for the released capacity if the Prearranged Replacement Shipper is bidding on capacity for a term of greater than one (1) year or for a term of one (1) year or less, if the release is to take effect more than one (1) year from the date on which High Point is notified of the release, and the release is at the maximum rate allowed. The Prearranged Replacement Shipper must comply with the prequalification requirements applicable to the bid process and the creditworthiness requirements of Section 6.12 of the General Terms and Conditions. Pre-arranged Releases longer than thirty-one (31) days but less than one (1) year must be posted for bidding regardless of the rate agreed to by the Replacement Shipper. When the Prearranged Replacement Shipper is bidding on capacity with a term greater than one (1) year or for a term of one (1) year or less, if the release is to take effect more than one (1) year from the date on which High Point is notified of the release, and agrees to the maximum reservation charge applicable for the full released quantity and term offered by the Releasing Shipper, and the Prearranged
Replacement Shipper satisfies all of the requirements of Section 6.12 of the General Terms and Conditions, the Prearranged Bid will be deemed the best bid, and a Confirmation Letter must be executed in accordance with Section 6.12 of the General Terms and Conditions and the terms of this FERC Gas Tariff. High Point shall thereafter post on its Internet Home Page the identity of the Prearranged Replacement Shipper, and the terms upon which the capacity was released.

(3) Asset Managers and Marketers under State-Regulated Plans

A Releasing Shipper may avoid posting and bidding requirements for a release to:

(i) an asset manager under an asset management agreement, pursuant to 18 C.F.R. Section 284.8(h)(3); or

(ii) a marketer participating in a state-regulated retail access program, pursuant to 18 C.F.R. Section 284.8(h)(4).

b. Prearranged Releases Subject to Bidding

If the Prearranged Replacement Shipper for a release with a term of more than one (1) year, or with a term of one (1) year or less, if the release is to take effect more than one (1) year from the date on which High Point is notified of the release, has not agreed to pay the maximum rate, the Offer to Release Firm Capacity will be posted in accordance with Section 6.12 of the General Terms and Conditions. Releases for one (1) year or less, if the release is to take effect on or before one (1) year from the date on which High Point is notified of the release, may be at more than the maximum tariff rate, but must still be posted. If High Point does not receive a better bid by the bid deadline, the Prearranged Bid shall be deemed the best bid, and a Confirmation Letter must be executed by the Prearranged Replacement Shipper in accordance with this Section 6.12 of the General Terms and Conditions and the terms of this FERC Gas Tariff. If High Point receives a better bid by the bid deadline, the Prearranged Replacement Shipper shall have the right to match the terms of the better bid according to the time line specified in Section 6.12.4 of the General Terms and Conditions. If the Prearranged Replacement Shipper matches the better bid, the capacity shall be awarded to the Prearranged Replacement Shipper and a Confirmation Letter must be executed by the Prearranged Replacement Shipper. If the Prearranged Replacement Shipper fails to match the best bid, the capacity will be awarded to the party(ies) making the best bid in accordance with the terms specified in Section 6.12.7 of the General Terms and Conditions. The number of decimal places for offers shall be equal to the number of decimal places for the rates for service under Rate Schedule FTS.

6.12.10 Crediting of Revenue for Temporary Releases

The Replacement Shipper shall pay a Reservation Rate and a Usage Rate for use of the released capacity. A Replacement Shipper will be billed by High Point and shall make payments to High
Point in accordance with the terms of the Form of Service Agreement for Firm Transportation Service and the applicable Confirmation Letter. For capacity releases other than a Permanent Release, High Point shall bill the Releasing Shipper its reservation charge reflecting a credit of the reservation charge billed to the Replacement Shipper. The Releasing Shipper will receive credit for all revenue generated by a temporary Replacement Shipper’s payment of reservation charges for the released capacity. Notwithstanding the above, the Releasing Shipper shall remain liable for the reservation charge and High Point will bill the Releasing Shipper for any reservation charges not paid by the Replacement Shipper and any associated interest on late payments during the next billing cycle and may reverse any credit on the Releasing Shipper’s bill in a later month up to the unpaid amount plus interest thereon. The Replacement Shipper shall be obligated to pay High Point the Usage Rate mutually agreed to between the Releasing Shipper and Replacement Shipper, all associated volumetric surcharges applicable to the quantities High Point transports under the Replacement Shipper’s Firm Service Agreement, and any penalties assessed in connection with the Replacement Shipper’s use of the released capacity. High Point will retain the minimum Usage Rate, associated volumetric surcharges, and any penalty revenues. Unless High Point has otherwise agreed in writing, High Point shall not be required to credit all reservation charge revenues billed to the Replacement Shipper to the extent a Releasing Shipper’s Firm Service Agreement under which it pays a discount provides otherwise with respect to credits in excess of the Releasing Shipper’s discount.

6.12.11 Prequalification of Creditworthiness

All parties desiring to bid on firm capacity offered by a Releasing Shipper and all Prearranged Replacement Shippers must meet High Point’s creditworthiness requirements and be prequalified before bidding on any Offer To Release Firm Capacity. All parties desiring to bid on firm capacity offered by a Releasing Shipper shall submit to High Point at least five (5) Business Days prior to the date on which bids for the firm capacity are to be received, credit information sufficient for High Point to determine the party’s creditworthiness, unless High Point agrees it has already determined the bidder to be creditworthy or to have suitable credit on file with High Point. A bidder’s creditworthiness shall be assessed in accordance with the terms of Section 6.11.5 of the General Terms and Conditions. A party that does not qualify as a creditworthy bidder is ineligible to bid on capacity. After High Point has determined a bidder creditworthy and eligible to bid, High Point will issue a Bidder Prequalification Number to the bidder. Once a bidder is issued a Bidder Prequalification Number it is not necessary for that bidder to resubmit credit information for prequalification, except as requested by High Point from time to time.

In the case of releases not subject to bidding, the Prearranged Replacement Shipper must prequalify at least five (5) Business Days prior to High Point’s nomination deadline for transportation using the released capacity. In all other respects, the terms and conditions applicable to bidders also apply to the Prearranged Replacement Shippers who have not otherwise complied with the above requirements.
6.12.12 Responsibilities of Releasing Shippers

The Releasing Shipper shall remain fully liable under its existing Firm Service Agreement with High Point for the payment of all reservation charges each Month for the full contract quantity, whether or not such quantity has been released. As permitted by Section 6.12 of the general Terms and Conditions, a Shipper may release all or part of its firm capacity on a permanent or temporary basis. The Releasing Shipper will remain obligated to pay the difference, if any, between the accepted bid and the applicable rate for the remainder of the existing Firm Service Agreement term. A Releasing Shipper shall be responsible for notifying, or causing to be notified, its Replacement Shipper prior to exercising recall rights, as specified in Section 6.12.2(c)(1) of the General Terms and Conditions.

6.12.13 Responsibilities of Replacement Shippers

A Replacement Shipper awarded capacity under a Permanent Release shall execute a separate Firm Service Agreement with High Point for the released capacity at the rate bid by the Replacement Shipper and accepted by the Releasing Shipper up to the maximum rate, if applicable, and for the primary term originally set forth in the Releasing Shipper’s Firm Service Agreement with High Point. A Replacement Shipper who is awarded firm capacity pursuant to a Temporary Release shall execute a Confirmation Letter for the released capacity at the rate and for the term bid by the Replacement Shipper. A Replacement Shipper who is awarded firm capacity under a Temporary Release subject To recall shall execute a Confirmation Letter for the released capacity, subject to the right of recall, at the rate and for the term bid by the Replacement Shipper.

6.12.14 Marketing Fees

High Point may negotiate with a Releasing Shipper and receive a mutually agreeable fee for taking action to market Releasing Shipper’s firm capacity so long as such actions constitute more than merely posting the Offer to Release Firm Capacity. High Point and the Releasing Shipper will negotiate the level of activity to be undertaken by High Point to market the capacity and the fee to be paid by the Releasing Shipper to High Point for such activity.

6.12.15 Offers to Purchase Firm Capacity

High Point agrees to post on High Point’s Internet Home Page offers to purchase firm capacity. Each offer will remain on High Point’s Internet Home Page for thirty (30) days before it is removed, unless the party offering to purchase capacity notifies High Point prior to the expiration of any thirty-day period that it wishes to extend the posting for an additional thirty (30) days or to remove the posting before the expiration of the thirty (30) days.
6.13.  PREGRANTED ABANDONMENT AND RIGHT OF FIRST REFUSAL PROCEDURES

6.13.1  Applicability

Any Shipper receiving firm transportation service under a Firm Service Agreement that has a primary term of one (1) year or more, that pays the maximum rate applicable to that service and that does not have an evergreen provision, may exercise its right of first refusal in order to retain firm transportation service at the expiration of the primary term. Any Shipper receiving firm transportation under a Firm Service Agreement that has a primary term of one (1) year or more, that pays the maximum rate applicable to that service and that has an evergreen provision, may exercise its right of first refusal in order to retain continued firm transportation in the event that High Point provides notice, as allowed by such Firm Service Agreement, that it will terminate the Firm Service Agreement at the expiration of the primary term or any roll-over term.

Any Shipper receiving transportation service provided under an Interruptible Service Agreement, or a Firm Service Agreement that has a primary term of less than one (1) year, and that may or may not have an evergreen provision, does not have the right of first refusal to retain its interruptible or firm transportation service at the expiration of a primary term or any subsequent roll-over term.

6.13.2  Posting of Capacity

At least thirty (30) days prior to the effective termination date of a Firm Service Agreement with a primary term of one (1) year or more, whether such date is specified in the Firm Service Agreement or High Point’s notice of termination as allowed by such Firm Service Agreement, High Point shall post on its Internet Home Page the capacity that will be available upon the termination of a Shipper’s Firm Service Agreement and whether such capacity is subject to an existing Shipper’s right of first refusal. The capacity will be posted for not less than five (5) Business Days.

The posting will include the Primary Receipt Point(s) and the Primary Delivery Point(s), the available Maximum Daily Reservation Quantity and the Maximum Daily Quantity for each Primary Point, the termination date of the Firm Service Agreement, and the applicable maximum rate.

6.13.3  Bidding On Capacity

Upon posting of Available Capacity, High Point shall receive bids in writing from eligible bidders who have executed a Form of Service Agreement for Firm Transportation Service. Bids must be submitted on High Point’s “Bid for Released Firm Capacity” form or on High Point’s Internet Home Page as prescribed in Section 6.12 of the General Terms and Conditions, and must be received by High Point no later than 2:00 p.m. Central Clock Time on the day prior to
the bid deadline date. High Point will post the relevant terms of all eligible bids, other than the bidder’s name, upon receipt of each bid received by High Point. High Point will determine the best bid in accordance with the Capacity Release provisions set forth in Section 6.12 of the General Terms and Conditions.

6.13.4 Right of First Refusal

If the right of first refusal applies, High Point will notify an existing Shipper of the best bid, if any, received that High Point is willing to accept. Shipper must provide High Point written notification, which may be transmitted by fax or other similar electronic means, that it intends to exercise its right of first refusal. Shipper shall have a specified time, but not less than five (5) Business Days, within which Shipper must match the best bid. In order to match the best bid, Shipper must agree to pay a rate up to the maximum rate, for an agreement term, not to exceed five (5) years, that will provide High Point at least the same net present value. If Shipper matches the best bid, High Point and Shipper will enter into a new Firm Service Agreement, or modify the existing Firm Service Agreement, reflecting the terms of the best bid. If Shipper fails to match the best bid within the time allowed by High Point, Shipper’s existing Firm Service Agreement will be abandoned upon the termination of the Firm Service Agreement and High Point will enter into a new Firm Service Agreement with the Shipper(s) offering the best acceptable bid. The highest rate that Shipper must match through the bidding process if it wishes to continue such service is the maximum rate.

6.13.5 Negotiated Rate

Shippers requesting service at a negotiated rate that exceeds the maximum rate will be considered to be paying the maximum rate for purposes of determining the economic value of request(s) for service rights.

6.13.6 Acceptable Bids

In the event High Point does not receive any bids for Shipper’s capacity or any bids that are acceptable to High Point, Shipper shall have the right to retain its firm capacity at the maximum rate applicable thereto, or any rate mutually agreed upon between High Point and Shipper, for an additional term as requested by Shipper. If Shipper refuses to renew its existing Firm Service Agreement at the maximum rate, absent an agreement on a mutually agreed upon rate between High Point and Shipper, such Firm Service Agreement shall be subject to abandonment upon its termination.

6.13.7 Abandonment

High Point shall be relieved of its transportation service obligations for any Interruptible Service Agreement and for any Firm Service Agreement with a primary term of less than one (1) year, regardless of any subsequent roll-over term provided by an evergreen provision, upon the
expiration or termination of such Service Agreement. High Point shall be relieved of its transportation service obligations for any Firm Service Agreement with a primary term of one (1) year or more upon the expiration of such Service Agreement, provided that Shipper gives notice to terminate its Firm Service Agreement pursuant to the provisions contained therein, or Shipper fails to match the best bid under its right of first refusal option as described in Section 6.13.4 of the General Terms and Conditions, or Shipper fails to submit a bid acceptable to High Point.
6.14. GAS QUALITY

6.14.1 Specifications

The gas and Liquefiables delivered for transportation under the rate schedules in this FERC Gas Tariff will be merchantable gas and will upon delivery by Shipper to High Point:

a. be free of objectionable liquids and solids and be commercially free from dust, gums, gum-forming constituents, or other liquid or solid matter which might become separated from the gas in the course of transportation through the pipeline or which could cause inaccurate measurement;

b. not contain more than 200 grains of total sulfur or 3.0 grains of hydrogen sulfide per Mcf;

c. not contain more than 3% by volume of carbon dioxide or nitrogen or 1% of oxygen;

d. not contain more than 7 pounds of water per 1,000 Mcf;

e. have a temperature of (i) not more than 120 degrees Fahrenheit, nor less than 40 degrees Fahrenheit, or (ii) greater than 5 degrees Fahrenheit above the hydrocarbon dew point temperature of the gas;

f. have a gross Heating Value of at least nine hundred fifty (950) Btu per cubic foot of dry gas. The gross Heating Value of the gas shall be determined by a mutually acceptable test of one cubic foot of gas at a temperature of sixty degrees Fahrenheit and at a pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute. Tests for such determination of Heating Value shall be conducted on a monthly basis, or such other intervals as determined necessary by High Point, by a method or methods to be mutually agreed upon; or

g. have a cricondentherm hydrocarbon dew point temperature ("HDP") equal to or less than the specification posted on High Point’s Internet Home Page as a "HDP Limitation" as it becomes necessary from time to time to prevent hydrocarbon condensation in the System or from deliveries to its Shipper in order to ensure that the gas redelivered will be merchantable as provided in Section 6.14.2 of the General Terms and Conditions. High Point will use a monitoring point at the processing plant near Toca, Louisiana, and may use additional monitoring points as identified from time to time on High Point’s Internet Homepage ("Monitoring Points") to measure the quantity of equivalent gallons of liquid per mcf of gas of Hexanes and heavier (C6+) hydrocarbons in the gas stream ("GPM Factor"). The HDP calculations will be performed using the Peng Robinson equations of state. The Hexane plus values used in the HDP calculation will be verified on an annual
basis using an extended analysis from samples taken at the Monitoring Points. High Point will use the actual GPM Factor at the Monitoring Points or a projected GPM Factor based on confirmed or reasonably anticipated events, e.g., a processing plant outage, in order to determine (i) whether a limitation is necessary, and (ii) what portion of the System is affected by an excessive GPM Factor. High Point shall then determine the GPM Factor level that is necessary to ensure that liquefiable hydrocarbons do not condense out of the gas stream ("GPM Target"). The GPM Target will then be correlated to an HDP specification which will be included in the posting ("HDP Specification"). High Point may establish groups of two or more meter stations that will be sampled at a common point in order to determine whether they meet the HDP Specification in the aggregate ("Aggregation Group").

The Aggregation Groups as established from time-to-time shall be posted on High Point’s Internet Home Page. New Receipt Points will be automatically assigned to the existing Aggregation Group covering the geographical area where the point is located. High Point shall provide thirty (30) days’ notice with a posting on High Point’s Internet Home Page to move a Receipt Point from one Aggregation Group to another and shall include in said posting the operational reasons for moving the Receipt Point. High Point shall attempt to minimize the use of HDP Limitations and to the greatest degree possible, shall endeavor to implement the highest HDP for specific portions of the System as necessary to prevent hydrocarbon condensation based on operating conditions, and shall limit the duration of the HDP Limitation to the extent possible. In assessing System operating conditions, High Point shall consider all relevant factors affecting hydrocarbon condensation, including specifically (i) the HDP at the Monitoring Point, (ii) events that could lead to hydrocarbon condensation, (iii) market demand (location and volume), (iv) supply diversity (location and volume), (v) the weather, and (vi) any opportunities within High Point’s control to blend gas supplies. High Point will include in any posting pursuant to this section (1) the anticipated duration of the limitation; (2) the Receipt Point(s) and Aggregation Group(s) with their associated Receipt Point(s) on the System subject to limitation; (3) the effective date and time by which parties have to conform to the limitation; (4) the latest available HDP at the Monitoring Points, all Aggregation Group(s) upstream of the affected Monitoring Point, all pipeline interconnections upstream of affected Monitoring Point, and all Receipt Point(s) that have an HDP above the HDP Specification within the Aggregation Group(s) that has/have an HDP above the HDP Specification; and (5) the reason for the limitation, including the information utilized in deciding to issue the HDP Limitation. Receipt Points delivering gas into the System directly from well head production facilities where the actual flow during the calendar Month immediately preceding the Month in which the limitation notice is posted averaged 500 Dth/d or less will be exempt from the limitation in any such posting. High Point will provide prior notice by posting the limitation at least two (2) days before the limitation will be effective. High Point will attempt to provide this notice prior to the
beginning of the Month in which the limitation is to be effective, but if such prior notice is not practicable, High Point will explain the reason in the posting it was unable to give such notice prior to the beginning of the Month. High Point shall accept gas entering the System at all Receipt Points and Aggregation Groups which conform to the posted HDP Specification set forth in the limitation posting. In the event that volumes of gas that do not meet the HDP Specification must be limited, High Point will schedule the gas under any limitation hereunder during High Point’s regular NAESB scheduling cycles according to the following procedures:

1. The total quantity of equivalent gallons of Hexanes and heavier (C6+) hydrocarbons contained in the gas stream at the Monitoring Point(s) that must be reduced to meet the HDP Specification will be calculated;

2. The gallons calculated in (1) will then be allocated proportionately based on the GPM Factor to (a) each Receipt Point that is not part of an Aggregation Group where the gas received at the Receipt Point does not meet the HDP Specification and (b) each Aggregation Group where the gas received from Aggregation Group exceeds the HDP Specification;

3. The gallons allocated to such Aggregation Group(s) as provided in (2) shall be allocated proportionately to that gas entering the System for which there has been no demonstration of proof of processing as provided below. In order to demonstrate proof of processing, the party with the right to process the ownership interest at the Receipt Point must verify in writing to High Point that such gas, for which proof of processing is being provided, at the Receipt Point proposed to be limited hereunder will be processed under either (x) ownership rights; or (y) a gas processing arrangement for the Month in which the limitation occurs. Prior to granting a proof of processing priority for gas at a Receipt Point, High Point must receive confirmation from the operator of the processing plant acknowledging that such gas will be processed during the Month under the arrangement provided above in (x) or (y), and that the processing plant has the capability to process the Shipper’s Maximum Daily Receipt Quantity, or such lesser volume as indicated by the operator of the processing plant. In the event that the volume of gas for which proof of processing has been demonstrated still does not meet the HDP Specification at the common sampling point described above, downstream of the processing plant after all of the gas for which no proof of processing was demonstrated has been limited, the remaining gallons shall be allocated proportionately to said Receipt Point(s) for which proof of processing has been demonstrated as provided above. High Point shall rely upon such verified statements in the allocation of the gallons allocated to the Aggregation Group effective with the next available scheduling cycle.
For each Receipt Point assigned gallons to be reduced as provided in (2) and (3) above, such reduction in gallons will be converted to a gas volume by dividing the difference of (x) the actual gallons to be contributed to the System at the Receipt Point based on nominations at the Receipt Point and (y) the gallons allocated to the Receipt Point in (2) or (3) above, and the GPM Factor at the Receipt Point.

High Point will perform the limitation procedure for each scheduling cycle until the HDP Specification has been achieved at the Monitoring Point. Any resulting limitation at a Receipt Point will be treated the same as a capacity constraint that shall be allocated pursuant to the terms of Section 6.7 of the General Terms and Conditions. High Point may issue an operational flow order, on a nondiscriminatory basis and after notice to the affected Shipper(s), pursuant to Section 6.7 of the General Terms and Conditions if necessary to enforce a HDP Limitation.

6.14.2

The gas redelivered hereunder will be merchantable gas and will, unless specifically waived by the downstream Operator, upon redelivery by High Point to or for the account of Shipper meet the specifications set forth in Section 6.14.1 above, except for (a) the minimum temperature set forth in Section 6.14.1(e) above for any measurement stations at which High Point does not maintain heaters, and (b) the limitations under Sections 6.14.1(g) above for Delivery Points upstream of processing plants. The gas of any Shipper utilizing service to the Delivery Point at Main Pass Block 289 Platform or to a Delivery Point on Destin Pipeline must comply with the gas quality specifications of High Point Gas Gathering or Destin Pipeline as applicable.

6.14.3

The sulphur content and hydrogen sulphide content shall be determined by approved standard methods generally in use in the natural gas industry. The hydrocarbon content shall be determined by the method prescribed by the Gas Processors Association in GPA Publication 2261-90 or ASTM Publication 1945-91, or any revisions thereof, or by such other method as shall be mutually agreed upon.

The water content shall be determined at such intervals as shall be found necessary in practice, by the use of dew point apparatus approved by the Bureau of Mines and utilizing curves for "Water Vapor Content of Compressed Natural Gas" comprising Figure 41 to Bureau of Mines, U.S. Department of the Interior, Monograph 8 "Gas Hydrates and Their Relations to the Operation of Natural-Gas PipeLines," or by such other curve or method as shall be mutually agreed upon.
6.14.4

The composition and characteristics of Liquids transported through the System shall be such that they will not:

(a) Cause the formation of hydrates in the System;
(b) Cause damage to the System by internal corrosion;
(c) Cause the gas in the System to fail to meet the quality specifications of the gas as described in Section 6.14 of the General Terms and Conditions after the removal of such Liquids from the System.
(d) Contain, either in the gas or in any Liquids which may be delivered with the gas, any active bacteria or bacterial agent capable of contributing to or causing operational problems. Bacteria or bacterial agents include, but are not limited to, sulphate reducing bacteria and acid producing bacteria. Tests for bacteria or bacterial agents shall be conducted on samples taken from the meter run or other appurtenant piping using American Petroleum Institute (API) test method API-RP38 or any other test method acceptable to High Point which is currently available or may become available; or
(e) Contain more than one percent (1%) of basic sediment and water (BS&W).

6.14.5

Should any gas, Liquefiables or Liquids delivered to High Point fail at any time to conform to any of the specifications provided for in Section 6.14 of the General Terms and Conditions, High Point shall notify Shipper of any such failure and may at its option suspend all or a portion of the receipt of any such gas, Liquefiables or Liquids, and High Point shall be relieved of any of its obligations for the duration of such time as the gas, Liquefiables or Liquids does not meet such specifications. Upon receipt of High Point’s notice of such a failure, Shipper shall, at its option, either terminate deliveries into the System or make a diligent effort to correct such failure by treatment or dehydration consistent with prudent operation so as to deliver gas conforming to the specifications provided for in this Section 6.14 of the General Terms and Conditions. Any gas or Liquefiables delivered to High Point that fails to meet an HDP Specification issued pursuant to Section 6.14.1(g) of the General Terms and Conditions shall be handled in accordance with the procedures set out in said section.

6.14.6

Liquids Transportation and Processing Election

(a) Shipper or Shipper's designee shall have the right to process gas for the removal of Liquids and Liquefiable hydrocarbons, except in case of emergency or if the gas, Liquids and Liquefiables fail to meet quality specifications, by electing to
exercise such right in writing upon at least four (4) calendar days prior to the first of the Month in which the election commences. For any period for which the processing election is exercised, Shipper or Shipper's designee shall be obligated to process all quantities of gas transported on the System during such period from designated Receipt Points. The quantity of gas delivered hereunder at the Delivery Point shall be the Equivalent Quantities.

(b) For any period for which the processing election is exercised, Shipper or Shipper's designee shall be responsible for replacement of the thermally equivalent quantity of the gas reduction due to processing during such period. Shipper or Shipper's designee also shall be responsible for arranging for transportation of such replacement gas quantities and for separation services. As used herein, the term "Shipper's designee" means a person other than a Shipper that holds the right to Liquids or Liquefiables recoverable at separation or processing facilities.
6.15. MEASUREMENT

6.15.1 Unit of Volume

The unit of volume shall be a cubic foot.

6.15.2 Measurement of Volume

a. Atmospheric Pressure. For the purpose of measurement, calculation and meter calibration, the average absolute atmospheric (barometric) pressure shall be 14.4 pounds per square inch or based on the actual altitude of each point of measurement irrespective of variations in natural atmospheric pressure from time to time, or such other pressure as agreed upon by High Point and Shipper.

b. Compressibility. The measurement hereunder shall be corrected for deviation from Boyle's law in accordance with AGA Report No. 8, Compressibility Factor of Natural Gas and Related Hydrocarbon Gases (1994), as amended from time to time.

c. Temperature. The temperature of the Gas shall be determined at the points of measurement by means of a properly located and installed temperature transmitter of standard manufacture determined by High Point in exercise of its reasonable judgment. For on-site flow computations in electronic flow computers, the instantaneous measurement of temperature will be used in such computations. For offsite calculations and recalculations, the temperature at which gas was measured for the period of such record shall be the arithmetic average of the record during the period of time which gas was flowing.

d. Determination of Heating Value, Specific Gravity (also referred to as Relative Density), and Gas Composition. The gross Heating Value, specific gravity, and composition of the Gas may be determined by Gas chromatographic analysis or any other method mutually agreed upon. This shall be done by either a Gas sample or by an on-line Gas chromatograph. In the event a spot or continuous Gas sampling device is used, intervals mutually agreed upon should not be less than every Month. The determination of gross Heating Value, specific gravity, and gas composition from chromatograph shall input continuously into the computer for quantity calculations. In the event a spot or continuous Gas sampler is installed, then the gross Heating Value, specific gravity, and gas composition shall be determined in the laboratory by chromatograph and will be used from the date the analysis is downloaded into the flow computer until the date the next sample is analyzed and downloaded to the flow computer. All gross Heating Value, specific gravity, and gas composition determinations made with a chromatograph shall use
physical Gas constants for Gas compounds, as outlined in AGA Report No. 5, Natural Gas Energy Measurement, with any subsequent amendments or revisions to which the parties may mutually agree.

6.15.3
The gas of any Shipper utilizing service to the Delivery Point at Main Pass Block 289 Platform or to a Delivery Point on Destin Pipeline will be measured by High Point Gas Gathering or Destin Pipeline as applicable.
6.16. MEASURING EQUIPMENT

6.16.1 High Point’s Measuring Equipment

Unless otherwise agreed between High Point and Operator/interconnecting party, High Point will install, maintain, operate or cause to be installed, maintained and operated, measuring stations equipped with flow meters and other necessary metering and measuring equipment by which the volumes of Gas received and delivered hereunder shall be determined.

a. Orifice Meters. Orifice meters shall be installed and Gas volumes computed in accordance with the standards prescribed in AGA Report No. 3, Orifice Metering of Natural Gas (1992), as amended from time to time.

b. Turbine Meters. Turbine meters shall be installed and Gas volumes computed in accordance with the standards prescribed in AGA Report No. 7, Measurement of Natural Gas by Turbine Meter (2006), as amended from time to time.

c. Ultrasonic Meters. Ultrasonic meters shall be installed and Gas volumes computed in accordance with the standards prescribed in AGA Report No. 9, Measurement of Gas by Multipath Ultrasonic Meters (2007), as amended from time to time.

d. Positive Displacement Meters. Positive displacement meters shall be installed and Gas volumes computed in accordance with generally accepted industry practices.

e. Electronic Flow Computers. Electronic flow computers shall be used for direct computation of Gas flows for custody transfer in accordance with the standards prescribed in API MPMS (Manual of Petroleum Measurement Standards) 21.1, Electronic Gas Measurement, as amended from time to time.

f. New Measurement Techniques. If, at any time, a new method or technique is developed with respect to Gas measurement or the determination of the factors used in such Gas measurement, such new method or technique may be substituted by High Point in exercise of its reasonable judgment provided that the new method or technique reflects generally accepted industry practices. High Point shall promptly inform all shippers of any new method or technique adopted.

6.16.2 Testing Measuring Equipment

Calibration and Test of Meters. The accuracy of all measuring equipment shall be verified by High Point at reasonable intervals, and if requested, in the presence of representatives of Shipper, but neither Shipper nor High Point shall be required to verify the accuracy of such equipment more frequently than once in any thirty (30) Day period. If either party at any time
desires a special test of any measuring equipment, it will promptly notify the other, and the parties shall then cooperate to secure a prompt verification of the accuracy of such equipment.

In the event Shipper’s or Receipt Point Operator's or downstream Operator's pipeline or production facilities go offline for more than twenty-four (24) hours due to destruction or damage or the potential for destruction or damage of such upstream or downstream facilities, High Point shall have the right to test or inspect its equipment for damage within a reasonable period of time prior to allowing the point operator to resume service.

6.16.3 Correction of Metering Errors

a. Correction of Metering Errors. If, upon test, the measuring equipment is found to be in error by not more than one percent (1%), previous recordings of such equipment shall be considered accurate in computing deliveries, but such equipment shall be adjusted at once to record accurately. If, upon test, the measuring equipment shall be found to be inaccurate by an amount exceeding one percent (1%), at a recording corresponding to the average Hourly rate of flow for the period since the last preceding test, then any previous recordings of such equipment shall be corrected to zero error for any period that is known definitely or agreed upon between High Point and Shipper/Operator. In case the period is not known or agreed upon by High Point and Shipper/Operator, such correction shall be for a period equal to one-half of the time elapsed since the date of the last test.

b. Failure of Measuring Equipment. In the event any measuring equipment is out of service or is found registering inaccurately and the error is not determinable by test or by previous recordings, receipts or deliveries through such equipment shall be estimated and agreed to by the parties upon the first of the following methods which is feasible:

   1. By correcting the error if the percentage of error is ascertainable by calibration, special test, or mathematical calculation.

   2. By using the registration of any check meter or meters, if installed and accurately registering.

   3. By estimating the quantity of receipt or delivery based on receipts or deliveries during preceding periods under similar conditions when the measuring equipment was registering accurately.

6.16.4 Check Measuring Equipment

Subject to the terms of the electronic interconnect agreement at High Point’s sole election; Shipper may install check measuring equipment at its own cost and expense, provided such
equipment shall be so installed as not to interfere with the operations of High Point. The measurement equipment of Shipper shall be for check purposes only and, except as expressly provided in the applicable electronic interconnect agreement, shall not be used in the measurement of Gas for purposes of the agreement.

6.16.5 Prior Period Adjustments

The deadline for closing measurement data shall be no later than five (5) Business Days after the Month of flow. Any measurement data or corrections received by High Point (including corrections to allocations) after it has closed the previous Month of flow shall be handled as a prior period adjustment. High Point shall only process late measurement data or corrections of measurement errors for days that the correction is greater than 10 Dth under Section 6.16.3. The corrections shall be made as soon as practicable but no later than six (6) Months after the applicable Month of flow in question and shall be made to the Month of flow for allocation and billing purposes. If Shipper disputes the measurement adjustment, it will have three (3) Months after the prior period adjustment is made to provide information that rebuts the adjustment. Excluding government required rate changes and as otherwise provided herein, no prior period adjustments of any kind shall be made after six (6) Months following the invoiced Month for services. These deadlines do not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. The parties’ other statutory or contractual rights shall not be diminished by this provision. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods.
6.17. COMPLIANCE WITH NAESB STANDARDS

Compliance with 18 CFR, Section 284.12

Transporter has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.0, and the standards revised by Minor Corrections MC15003, MC15004, MC15005, MC15009 and MC15012 all marked with an asterisk [*], which are required by the Commission in 18 CFR Section 284.12(a), as indicated below. Standards without accompanying identification or notations are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified.

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Standards for which Extension of Time to Comply have been granted:
None.

High Point agrees to use, and incorporates herein by reference, NAESB’s Model Trading Partner Agreement for transacting business with parties who choose to use the electronic delivery mechanism standards set forth in Section 4 of the NAESB Standards.

High Point agrees to accept and provide standardized data elements for EDI pursuant to the NAESB standards, as amended from time to time, which are incorporated herein by reference. A copy of High Point’s Implementation Guide for EDI transactions is available upon request.

High Point agrees to use, and incorporates herein by reference, NAESB’s Funds Transfer Agent Agreement pursuant to the NAESB standards, as amended from time to time, to be used to supplement High Point’s General Terms and Conditions in order to appoint an agent for all transactions wherein there is a need for instantaneous transfer of title of gas from a seller to buyer to buyer’s repurchaser.

High Point agrees to use, and incorporates herein by reference, NAESB’s Base Contract for Sale and Purchase of Natural Gas as well as the Model Credit Support Addendum to the Base Contract pursuant to the NAESB standards, as amended from time to time, in order to facilitate purchase and sale transactions of gas on firm or interruptible basis.
6.18.  INTERNET: WORLD WIDE WEB ACCESS

6.18.1 High Point shall maintain an electronic computer system (its Internet Home Page) for the purpose of providing its Shippers and third parties equal and timely access to High Point’s Transportation Log, Standards of Conduct information, and information relevant to the availability of capacity on the System, including whether the capacity is available from High Point or a Releasing Shipper and all information required pursuant to FERC’s regulations. High Point shall also provide each Shipper access through High Point’s Internet Home Page to information related to activity under its Service Agreements with High Point, such as nominations, estimated imbalances and allocated quantities. Furthermore, High Point shall administer each Shipper’s release of firm capacity, as more particularly described in Section 6.12 of the General terms and Conditions, exclusively through its Internet Home Page and shall provide to Shipper other interactive capabilities such as the ability to request service, amendments or discounts, submit nominations, confirmations and PDAs, view information on Agents that administer or perform appointed functions for Shipper under its Service Agreement(s), and execute Service Agreements and amendments thereto. It is understood and agreed that High Point, through its Internet Home Page, shall make available to Shippers sufficient details to support the quantities allocated to that party under the PDA method at each point.

6.18.2 Unless specifically provided otherwise in this FERC Gas Tariff, the generic provisions of this FERC Gas Tariff requiring that notices, requests, and other communications be in writing may be satisfied by Shipper through submission of such communications over High Point’s Internet Home Page. All forms set forth or referenced in this FERC Gas Tariff will also be maintained on High Point’s Internet Home Page for Shipper’s use. Service Agreement specific notices requiring communications to be in writing remain unchanged unless agreed to otherwise by the parties. Submission of information, communications, and execution of documents through High Point’s Internet Home Page shall be legally binding on Shipper. High Point may also require written execution of Service Agreements by Shipper for its records.

6.18.3 High Point’s Internet Home Page will display current information first, have on-line help, a menu of available information for ease of reference, and search functions. Any party will be able to download information provided on High Point’s Internet Home Page. High Point shall maintain and retain daily back-up records of the information displayed on its Internet home Page for a period of three (3) years for purposes of restoring such information to on-line availability if there is a computer malfunction or loss. Completed transactions and posted information will remain on High Point’s Internet Home Page for at least thirty (30) days and then will be archived. Archived information will be available from High Point upon fifteen (15) days’ prior written notice. Copies of archived information will be made available at $0.10 per page if a paper copy is requested or $20.00 per diskette. High Point may require parties to execute an Internet access agreement in order to gain access to its Internet Home Page.
6.19. COMPLAINT PROCEDURES

6.19.1 Shipper Complaints

Any Shipper or potential Shipper (hereafter Complainant) who believes that High Point has unduly discriminated against that Complainant may file a complaint with High Point. All complaints shall be in writing and sent to High Point, Attention Manager, Commercial Operations. Such complaint shall list all alleged discriminatory practices or unfair treatment and provide all evidence supporting the allegations.

6.19.2 High Point’s Investigation

Upon receipt of a written complaint, High Point shall date-stamp such complaint and acknowledge receipt of the complaint by letter within two Business Days. High Point will promptly begin to review and attempt to resolve the complaint.

6.19.3 Discussion of Complaints

High Point will make available a representative to discuss the allegations with the Complainant at High Point’s corporate offices during normal business hours within five (5) Business Days of receipt of a complaint. The purpose of such a meeting is to attempt to informally resolve any problems and/or to continue the gathering of facts and information concerning the alleged undue discrimination or unfair treatment.

6.19.4 Response to Complaints

High Point will provide a written response to all complaints within thirty (30) days of the receipt of the written complaint. It is High Point’s policy to comply with all applicable regulations while continuing to work with its Shippers to resolve any concerns regarding its services.
6.20. STANDARDS OF CONDUCT

High Point shall post on its Internet Home Page its procedures for implementation of and compliance with FERC’s Standards of Conduct regulations. All information required to be posted pursuant to such regulations will be provided on High Point’s Internet Home Page under Informational Postings. Such information will be updated as required by applicable regulations issued by FERC.
6.21. LIABILITY AND WARRANTY

6.21.1 Liability

High Point will be deemed in control and possession of the gas transported hereunder only when and to the extent that such gas is in and is being handled by the facilities owned, leased or operated by or for High Point as set forth herein for the performance of High Point’s obligations under any Service Agreement. The party in control and possession of the gas will be responsible for and shall indemnify the other party with respect to any losses, injuries, claims, liabilities or damages caused thereby and occurring while the gas is in its possession.

6.21.2 Warranty of Title and Indemnification

Shipper warrants for itself, its successors and assigns that it will at the time of delivery to High Point for transportation have good title to all gas so delivered free and clear of all liens, encumbrances and adverse claims.

Shipper will indemnify and save High Point harmless from and against any and all suits, actions, causes of action, claims and demands arising from or out of any adverse claims by third parties claiming ownership of or an interest in the gas tendered for transportation under the Service Agreement. High Point will indemnify and save Shipper harmless from and against any and all suits, actions, causes of action, claims and demands arising from or out of any adverse claims by third parties claiming ownership of or an interest in the gas delivered to Shipper, or for Shipper’s account, under the Service Agreement.

6.21.3 Standard of Performance

High Point shall operate the System as a prudent pipeline operator would and in such capacity shall have full operational control of all components of the System. Pursuant to this standard, High Point may use commingled supplies of gas of all Shippers in providing services to other Shippers, but such use of commingled supplies of gas shall not relieve High Point of its obligations to provide service in accordance with the terms of its FERC Gas Tariff and Service Agreements. This standard does not, however, cause High Point to be responsible and/or liable for the actions of any third party.
6.22. FORCE MAJEURE

6.22.1 Effect of Force Majeure

If either High Point of Shipper is rendered unable, wholly or in part, by force majeure to perform its obligations under any Service Agreement, other than the obligation to make payments then or thereafter due, it is agreed that performance of the respective obligations of the parties thereto to receive and deliver gas, so far as they are affected by force majeure, shall be suspended from the inception of any such inability until it is corrected, but for no longer period. The party claiming such inability shall give notice to the other party as soon as practicable after the occurrence of the force majeure event. If such notice is first given by telephone, it shall be confirmed in writing within five (5) days giving full particulars. The party claiming such inability shall promptly correct such inability to the extent it may be corrected through the exercise of reasonable diligence.

6.22.2 Term Extension

The term of any Service Agreement shall not be extended beyond its normal termination date by any periods of time during which performance is suspended due to force majeure.

6.22.3 Liability

Neither party shall be liable to the other for any consequential or financial losses or damages, regardless of the nature thereof and howsoever occurring, whether such losses or damages be direct or indirect, immediate or remote, by reason of, caused by, arising out of, or in any way attributable to the suspension of performance of any obligation of either party when such suspension occurs because a party is rendered unable, wholly or in part, by force majeure to perform its obligations.

6.22.4 Nature of Force Majeure

The term “force majeure” as used herein shall mean, cover and include the following:

a. Acts of God or Acts of Providence including, without limitation, epidemics, landslides, hurricanes, floods, washouts, lightning, earthquakes, storm warnings, perils of the sea, extreme heat or extreme cold, any other adverse weather conditions, and threats of any of the foregoing, and whether preceded by, concurrent with, or followed by acts or omissions of any human agency, whether foreseeable or not, which may directly or indirectly contribute to or result in either party’s inability to perform its obligations; provided, however, that parties are not relieved under this force majeure provision in the event their act(s) or omission(s) are found to be contributory or grossly negligent, unduly discriminatory, or the product of willful misconduct, and provided further that this
limitation on relief only applies to the extent that the act or omission exacerbates a force majeure event, and not to the extent that the consequences of the underlying event would have occurred regardless of the act or omission.

b. Acts of Government including, without limitation, laws, orders, rules, decrees, judgments, judicial actions, regulations, acts of arrest or restraint, and any threats of any of the foregoing, by any government (de jure or de facto), or any agency, subdivision, or instrumentality thereof, having, claiming or asserting authority or jurisdiction over the severance, productions, gathering, transportation, handling, sale, receipt or delivery of the subject matter of any Service Agreement, or any part thereof, or over materials, equipment, supplies or personnel, or any part thereof, necessary to the severance, production, gathering, transportation, handling, sale, receipt or delivery of the subject matter of any Service Agreement when any such Act of Government directly or indirectly contributes to or results in either party’s inability to perform its obligations.

c. Acts of Civil Disorder including, without limitation, acts of sabotage, acts of the public enemy, acts of war (declared or undeclared), blockades, insurrections, riots, mass protests or demonstrations, and threats of any of the foregoing, and police action in connection with or in reaction to any such Acts of Civil Disorder, when any such Acts of Civil Disorder directly or indirectly contribute to or result in either party’s inability to perform its obligations.

d. Acts of Industrial Disorder including, without limitation, strikes, lockouts, picketing, and threats of any of the foregoing, when any such Acts of Industrial Disorder directly or indirectly contribute to or result in either party’s inability to perform its obligations, provided, however, that the settlement of any labor dispute to prevent or end any such Acts of Industrial Disorder shall be within the sole discretion of the party to any Service Agreement involved in such labor dispute, and the above requirement that any inability shall be corrected with reasonable diligence shall not apply to labor disputes.

e. Failure of facilities including, without limitation, freezing of lines of pipe, failures resulting from fires, washouts, mechanical breakdowns of, malfunctions of or necessities for making unscheduled or emergency repairs or alterations to, furnaces, reactors, plant installations, machinery, lines of pipe, pumps, compressors, valves, gauges or any of the equipment therein or thereon, when any such failure of facilities directly or indirectly contributes to or results in either party’s inability to perform its obligations, and regardless of whether such failure of facilities may have resulted from an omission or inadvertence, directly or indirectly, of either party hereto, or by any person acting on its behalf or under its direction; provided, however, that parties are not relieved under this provision in the event their act(s) or omission(s) are found to be contributory or grossly negligent, unduly discriminatory, or the product of willful misconduct, and provided further that this limitation on relief only applies to the extent that the act or omission
exacerbates a force majeure event, and not to the extent that the consequences of the underlying event would have occurred regardless of the act or omission.

f. Inability to obtain or acquire at reasonable cost grants, servitudes, rights of way, permits, licenses, or any other authorizations from third parties or agencies (private or governmental) or inability to obtain or acquire at reasonable cost necessary materials and supplies to construct, maintain and operate any facilities required for the performance of any obligations under any Service Agreement when any such inability directly or indirectly contributes to or results in either party’s inability to perform its obligations.

g. Any occurrence, condition, situation, or threat thereof, not covered by Subsections a through f above, which renders either party unable to perform its obligation, provided such occurrence, condition, situation, or threat thereof, is not under or within the control of the party claiming such inability, and provided such party could not have prevented such occurrence, condition, situation, or threat thereof, by the exercise of reasonable diligence.
ASSIGNMENT

Except for the provisions regarding a Permanent Release or a Temporary Release pursuant to Section 6.12 of the General Terms and Conditions, Shipper shall not assign any portion of its contractual rights to service under any Service Agreement. However, any person which shall succeed by purchase, merger, consolidation or otherwise to the properties substantially as an entirety of Shipper, shall be entitled to the rights and shall be subject to the obligations of its predecessors in title. All covenants, stipulations, terms, conditions, obligations, and provisions of any Service Agreement shall extend to, be binding upon and inure to the benefit of the respective successors, assignees and legal representatives of the parties hereto. Should either party transfer or assign all its interest in its facilities or any appurtenances thereto affecting the disposition of gas hereunder, such party does hereby obligate itself and agrees to bind successor, transferee or assignee to the terms and conditions of any Service Agreement.
6.24. WAIVER

6.24.1 Discretionary Waiver

High Point may waive any of its rights hereunder or any obligations of Shipper as to any specific default that has already occurred, or case-by-case in advance as to any specific, temporary operational problem, on a basis that is not unduly discriminatory.

6.24.2 Non Waiver of Future Default

Notwithstanding the foregoing, no waiver by either High Point of Shipper of any one or more defaults by the other in performance of any of the provisions of a Service Agreement shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or of a different character.
6.25. DESCRIPTIVE HEADINGS

The descriptive headings of the provisions used in this FERC Gas Tariff or in any Service Agreement are formulated and used for convenience only and shall not be deemed to affect the meaning or construction of any such provision.
6.26. CREDITING MECHANISM FOR PENALTY REVENUES AND CASH-OUT DIFFERENTIALS

The purpose of this provision is to provide the method by which High Point will return penalty revenues and/or cash-out differentials, as defined herein, to Shippers.

6.26.1 Definitions: the following terms shall have the designated meaning:

“Penalty Revenues” shall mean the total revenues collected by High Point during a calendar year, net of High Point’s administrative costs, for any of the following:

(1) penalties assessed pursuant to Section 5.4.7 of Rate Schedule PAL;
(2) penalties assessed pursuant to Section 6.7.4 of the General Terms and Conditions;
(3) penalties assessed pursuant to Section 6.7.6 of the General Terms and Conditions;
(4) penalties imposed upon High Point by an upstream or downstream pipeline in accordance with Section 6.7.7 of the General Terms and Conditions; or
(5) penalties assessed pursuant to Section 6.8 of the General Terms and Conditions.

“Cash-Out Differentials” shall mean the net revenues collected by High Point, less administrative costs, during a calendar year pursuant to the tiered cash-out schedule in Section 6.10 of the General Terms and Conditions.

6.26.2 Methodology

a. Penalty Revenues and/or Cash-Out Differentials will be returned to Shippers on or before March 31 of the calendar year following collection.

b. Shippers will not be eligible to receive a portion of the Penalty Revenues and/or Cash-Out Differentials for a Month(s) where they are penalized.

c. High Point will calculate a Shipper’s allocation of the Penalty Revenues and/or Cash-Out Differentials using the Shipper’s actual accumulated throughput in the Months that a Shipper was eligible, as a percentage of the total eligible accumulated throughput of all Shippers for the calendar year.

d. If during the applicable calendar year, High Point pays out more amounts than it receives, the amounts paid in such calendar year will be offset against any accumulated amounts during the subsequent calendar year.
6.27. HURRICANE SURCHARGE

6.27.1 Purpose

The purpose of this section is to establish a mechanism to recover through a volumetric surcharge the costs incurred by High Point resulting from any hurricane or tropical storm named by the U.S. National Oceanic and Atmospheric Administration or the U.S. National Weather Service (“Hurricane”), or successor agency.

6.27.2 Applicability

The Hurricane Surcharge shall be collected through a volumetric surcharge applicable to all transportation services provided pursuant to Rate Schedules FTS, ITS and PALS (and any other transportation service provided by High Point). High Point may, on a not unduly discriminatory basis, agree to discount the Hurricane Surcharge. Any such agreement to discount the Hurricane Surcharge must be explicitly so stated in the applicable exhibit to the Service Agreement.

6.27.3 Definition of Eligible Costs

The eligible costs for reimbursement through the Hurricane Surcharge (Eligible Costs) are the capital and operations and maintenance expenses including the cost of material, rental equipment, governmental charges, and any fees associated with the repair, remediation and prevention of such damage related to Hurricane damage, prevention and remediation for High Point’s facilities, including, without limitation: costs incurred to repair or replace High Point’s facilities and equipment; costs to prevent Hurricane damage; costs to maintain System reliability including service from third parties; retrieval and removal of High Point’s facilities and equipment including dewatering and disposal costs; raising or lowering the height or improving the durability of High Point’s facilities; pipeline burials or retrenching; preventive measures such as arranging for standby ships, divers, personnel and equipment; costs incurred to provide temporary housing for High Point’s personnel; diving vessels and equipment, radiographic equipment, pipeline pigging and operations or other inspection measures to assess potential damage to High Point’s facilities; installation of fencings, mattings and embankments; and miscellaneous expense associated with having personnel available to repair, operate or maintain the System other than measures taken in the ordinary course of business.

6.27.4 Effective Date and Filing of Hurricane Surcharge

a. The effective date of each Hurricane Surcharge shall be April 1 of each year. The effective Hurricane Surcharge shall be shown on Section 4 of this FERC Gas Tariff.

b. High Point shall file with FERC at least thirty (30) days prior to the effective date of the new Hurricane Surcharge and post, as defined by Section 154.2(d) of FERC’s
Regulations, the Hurricane Surcharge with supporting documentation. With each such filing, High Point shall include a detailed written description of all qualifying Hurricane expenditures (except for any expenditure carried forward from a prior filing), with an explanation of how each such expenditure qualifies for inclusion in the Hurricane Surcharge in accordance with Sections 6.27.2 and 6.27.3 above. Subject to approval by FERC, High Point may seek confidential treatment of any portion of the filing.

6.27.5 Hurricane Surcharge Account

High Point shall establish and maintain a Hurricane Surcharge Account consisting of the sum of three separate subaccounts: the Hurricane Damage Repair Capital Cost Subaccount, the Hurricane Damage Repair O&M Cost Subaccount, and the Hurricane Surcharge Recovery Subaccount, plus carrying charges. These Subaccounts will be updated on a Monthly basis.

a. The Hurricane Damage Repair Capital Cost Subaccount shall include the cumulative Eligible Costs that are classified in capital accounts under FERC’s Uniform System of Accounts (USOA), less any proceeds received from High Point’s insurance carriers or third parties attributable to Eligible Costs included in the Hurricane Damage Repair Capital Cost Subaccount.

b. The Hurricane Damage Repair O&M Cost Subaccount shall include the cumulative Eligible Costs that are classified as operations or maintenance expenses under the FERC’s USOA. The Hurricane Damage Repair O&M Cost Subaccount shall be credited for amounts received from High Point’s insurance carriers or third parties which are attributable to Eligible Costs included in the Hurricane Damage Repair O&M Cost Subaccount.

c. The Hurricane Surcharge Recovery Subaccount shall be credited by the revenue received from the Hurricane Surcharge each Month.

d. The balance in the Hurricane Surcharge Account shall be debited or credited, as appropriate, by carrying charges calculated at the FERC prescribed interest rate on the Monthly balance of the Hurricane Surcharge Account. Carrying charges shall be calculated in accordance with Section 154.501(d) of FERC’s Regulations.

6.27.6 Calculation of the Hurricane Surcharge

a. The surcharge shall be calculated on the balance of the Hurricane Surcharge Account (including carrying charges) at December 31 (to be effective April 1), divided by the projected billing determinants for the twelve (12) Month period beginning April 1.

b. In the calculation of the Hurricane Surcharge in each separate filing, the collection of any
Eligible Costs included for recovery in such filing shall be amortized over a thirty-six month period.

c. Any costs in the Capital Subaccount shall be recovered as expenses without any associated return other than carrying charges as provided for in Section 6.27.5(d) above.

d. Any balance in the Hurricane Surcharge Account upon the effective date of a change in High Point’s rates under a general Natural Gas Act Section 4 or 5 proceeding shall be eligible for recovery in High Point’s base tariff rates.

e. If the amount in the Hurricane Surcharge Account is less than $100,000 (either negative or positive) High Point may upon at least thirty (30) Days prior notice to FERC, reduce the Hurricane Surcharge to $0.00/Dth and refund to or bill Shippers the amount in the Hurricane Surcharge Account on the invoice for the Month following the date on which the Hurricane Surcharge is reduced to $0.00/Dth. The balance in the Hurricane Surcharge Account shall be allocated to Shippers based on the ratio of the actual quantities delivered by High Point for each Shipper during such billing Month to the quantities delivered by High Point for all Shippers during such billing Month.

6.27.7 Miscellaneous

Any capital-related Eligible Costs (or portion thereof) for which High Point is reimbursed through collection of the Hurricane Surcharge shall not be debited to High Point’s gross plant (Property, Plant and Equipment) accounts.
6.28. ANNUAL CHARGE ADJUSTMENT PROVISION (ACA)

6.28.1 In order to recover the annual charges assessed by the FERC under Section 382.202 of FERC's regulations, this Section 6.28 of the General Terms and Conditions is established to be applicable to all Service Agreements under which High Point transports gas. Because High Point is electing to recover the annual charges assessed by FERC through the operation of this Annual Charge Adjustment Provision, High Point does not intend to recover any annual charges recorded in Account No. 928 in any Natural Gas Act Section 4 rate case.

6.28.2 All applicable Service Agreements shall be charged the Annual Charge Adjustment unit charge (ACA unit charge) set forth on the Statement of Rates of this FERC Gas Tariff for each Dth of gas transported thereunder. The ACA unit charge shall be included in the usage component of any rate schedule with two-part rates.

6.28.3 Pursuant to the requirements of Order No. 776, High Point incorporates by reference the ACA unit charge for each fiscal year, which is posted in the annual notice entitled “FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge” on the Commission’s website (www.ferc.gov). The ACA unit charge set forth in the annual notice will be effective the first day of October following issuance of the annual notice and shall extend to the last day of September of the following year. The ACA unit charge shall be assessed to shippers only if High Point has paid its annual assessment, as reflected in the annual notice issued by the Commission entitled “Payment Status of Pipeline Billings - FY [Year]” on the Commission’s website,
6.29. **DISCOUNTED RATES**

6.29.1 High Point may, on a not unduly discriminatory basis, charge a Shipper for service under a rate schedule a rate, charge or surcharge that is less than the applicable maximum rate set forth from time to time in the currently effective Section 4 of this FERC Gas Tariff; provided, that such rates, charges or surcharge may not be less than the applicable minimum rate set forth from time to time in the currently effective Section 4 of this FERC Gas Tariff. Any discount granted hereunder shall only be applicable for the period agreed upon by High Point. At the end of such period, the otherwise maximum rates or charges shall govern the service provided to Shipper hereunder. High Point shall file with FERC any and all reports as required by FERC’s regulations setting forth the applicable discounted rates and Shippers affected along with any other information that may be required.

6.29.2 Order of Discounting: In the event High Point provides a discount to a Shipper, High Point shall discount the components of the total rate in the following order:

1. Reservation Rate or Usage Rate, as applicable;
2. Hurricane Surcharge; and
3. ACA unit charge.
6.30. NEGOTIATED RATES

6.30.1. Shipper and High Point may agree to a negotiated rate with respect to the rates, charges and surcharges identified in a rate schedule that may be less than, equal to or greater than the maximum rate for service under the applicable rate schedule. Such negotiated rate shall not be less than the minimum rate for service under the applicable rate schedule; may be based on rate design other than straight fixed variable; and may include a minimum quantity, production dedication or other form of consideration. Such negotiated rate shall be set forth in the Service Agreement (for the Firm Service Agreement it is set out on Exhibit C) and shall be filed with FERC as required by FERC’s regulations. The maximum rate for service under a rate schedule shall be available to any Shipper that does not choose a negotiated rate. Any negotiated rate shall only be applicable for the period agreed upon between High Point and Shipper. At the end of such period, the otherwise maximum rates or charges shall govern the service provided to Shipper hereunder.

6.30.2. Shippers paying a negotiated rate that exceeds the maximum rate for service under a rate schedule will be considered to be paying the maximum rate for service under such rate schedule for purposes of scheduling, curtailment and interruption, and calculating the economic value of a request for unsubscribed firm capacity. Replacement Shippers may not bid or pay a rate greater than the maximum rate for service under the FTS Rate Schedule and are not eligible for negotiated rates for the Firm Service Agreement.

6.30.3. A discount-type adjustment to rates for negotiated rate agreements shall only be allowed to the extent that High Point can meet the standards required of an affiliate discount-type adjustment including requiring that High Point shall have the burden of proving that any discount granted is required to meet competition. High Point shall be required to demonstrate that any discount-type adjustment for negotiated rate agreements does not have an adverse impact on recourse rate shippers.

(1) Demonstrating that, in the absence of High Point's entering into such negotiated rate agreement providing for such discount, High Point would not have been able to contract for such capacity at any higher rate, and that recourse rates would otherwise be as high or higher than recourse rates which result after applying the discount adjustment; or

(2) Making another comparable showing that the negotiated rate discount contributes more fixed costs to the System than could have been achieved without the discount.
6.31. UNACCOUNTED FOR GAS

6.31.1. Purpose

This Section describes how High Point shall update annually the Unaccounted for Gas Retention Percentage.

6.31.2. Procedures

The Unaccounted for Gas Retention Percentage set out in this Section 6.31 of this FERC Gas Tariff will be updated annually. High Point will make a filing (with workpapers) with FERC at least thirty (30) days before the effective date of April 1 of each year setting forth the updated Unaccounted for Gas Retention Percentage to be effective April 1 through March 31. This updated Unaccounted for Gas Retention Percentage will be based upon the actual data for the twelve (12) months ended the previous December 31 (“Base Period”).

6.31.3. Calculation for Unaccounted for Gas Retention Percentage

The Unaccounted for Gas Retention Percentage shall be determined by dividing the sum of items 1 and 2 by item 3 as described below:

   1. The actual quantity of Unaccounted for Gas for the applicable Base Period.
   2. Over-recovery (as a negative value) or under-recovery (as a positive value) amount associated with High Point’s transmission facilities during the Base Period.
   3. The amount in item 1 above plus the applicable quantity of gas delivered by High Point during the Base Period.

The over-recovery or under-recovery amount during the Base Period shall be calculated as the difference between a and b as follows: (a) the quantity of gas retained by High Point under the applicable rate schedules during the Base Period plus the over-recovery amount (will be in addition to the quantity of gas retained) or under-recovery amount (will be a subtraction to the quantity of gas retained) for the prior year Base Period (prior year Base Period over-recovery or under-recovery amount will be zero for the initial filing) and (b) the actual quantity of Unaccounted for Gas during the Base Period; provided, however, the Unaccounted for Gas Retention Percentage shall not be less than 0.0%.

6.31.4

With each annual filing referred to in Section 6.31.2 of this FERC Gas Tariff, High Point will file supporting information on the Fuel Retention charges of High Point Gas Gathering and Destin Pipeline for the Base Period.
6.32.  OFF-SYSTEM CAPACITY

High Point may enter into an interruptible or firm transportation agreement(s) with other interstate and intrastate pipeline companies to acquire transportation capacity or transportation rights ("off-system capacity"). In the event that High Point acquires off-system capacity, High Point will use such capacity for operational reasons or to render service for its Shippers. In the event that High Point uses off-system capacity to render service for its Shippers, it will only render service to the Shippers on the acquired capacity pursuant to High Point's FERC Gas Tariff and subject to High Point's approved rates, as such tariff and approved rates may change from time to time. For purposes of transactions entered into subject to this Section 6.32, the "Shipper-Must-Have-Title" requirement is waived. When firm off-system capacity is not required for operational reasons or to meet firm service commitments, High Point will offer the off-system capacity to Shippers on a primary firm basis. This Section 6.32 does not preclude High Point from seeking case specific authorization for the utilization of off-system capacity by High Point for other purposes, nor does it preclude High Point from releasing any capacity it holds on off-system pipeline companies.
FORM OF SERVICE AGREEMENTS
FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION
SERVICE UNDER RATE SCHEDULE FTS

THIS FIRM SERVICE AGREEMENT ("Firm Service Agreement"), made this ________ day of __________, between HIGH POINT GAS TRANSMISSION, LLC a Delaware limited liability company, hereinafter referred to as “High Point,” and __________________, a __________________, hereinafter referred to as “Shipper.”

W I T N E S S E T H:

WHEREAS, High Point owns and operates the System;

WHEREAS, High Point has received a request from a Shipper that desires to ship certain quantities of gas through the System on a firm basis;

WHEREAS, High Point has determined that the System has available capacity to transport Shipper’s gas and is willing to transport said gas through the System; and

WHEREAS, High Point is willing to receive certain quantities of gas for the account of Shipper at Primary Receipt Point(s) and at Secondary Receipt Point(s), subject to the availability of capacity and to deliver Equivalent Quantities for the account of Shipper at the Primary Delivery Point(s) subject to the availability of capacity.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein set forth, the parties hereto do covenant and agree as follows:

ARTICLE I

1. GAS TO BE TRANSPORTED

1.1 Subject to the terms and provisions of this Firm Service Agreement, High Point’s Rate Schedule FTS and the General Terms and Conditions of High Point’s FERC Gas Tariff, High Point agrees to accept such quantities of gas as Shipper may cause to be tendered to High Point at: (i) the Primary Receipt Point(s), designated pursuant to Section 2.1 of this Firm Service Agreement, (ii) any Primary Receipt Point(s) for quantities in excess of the Maximum Daily Quantities for each Primary Receipt Point set forth in Exhibit A on the same priority basis as a Secondary Receipt Point, or (iii) any Secondary Receipt Point(s) nominated by Shipper, on any day during the term of this Firm Service Agreement; provided, however, that High Point shall only be obligated to accept on any day for transportation hereunder that quantity of gas High Point determines it has available capacity to receive, transport, and deliver and provided further that in no event shall High Point be obligated to transport gas on any day in excess of the
Maximum Daily Quantities for any Primary Receipt Point or in excess of the Maximum Daily Reservation Quantity set forth in Exhibit B.

1.2 If on any day High Point should determine that the remaining transportation capacity of the System, after High Point has transported gas for Shippers with superior rights to transportation, is insufficient to transport all quantities of gas under similar Firm Service Agreements entitled to similar transportation services, High Point shall allocate the available transportation capacity on the basis set forth in Section 6.7 of the General Terms and Conditions.

1.3 Subject to the terms and provisions of this Firm Service Agreement, Rate Schedule FTS and the General Terms and Conditions, High Point shall deliver for the account of Shipper and Shipper shall accept at the Primary Delivery Point(s) referenced in Section 2.2 this Firm Service Agreement the Equivalent Quantities; provided, however, that in no event shall High Point be obligated to deliver on any day in excess of the Maximum Daily Quantities for any Primary Delivery Point set forth in Exhibit B or in excess of Shipper’s Firm Reservation Quantity set forth in Exhibit B.

ARTICLE II

2. RECEIPT POINT(S), DELIVERY POINT(S) AND PRESSURES

2.1 The Primary Receipt Point(s) at which Shipper shall cause gas to be tendered to High Point for transportation hereunder are described in Exhibit A to this Firm Service Agreement. Other pertinent factors applicable to the Primary Receipt Point(s) are also set forth in Exhibit A. Secondary Receipt Point(s), at which Shipper may cause gas to be tendered to High Point for transportation hereunder, shall include all Receipt Points along the System, subject to the availability of capacity at such Receipt Points.

2.2 The Primary Delivery Point(s) at which High Point shall deliver Equivalent Quantities are described in Exhibit B to this Firm Service Agreement. Other pertinent factors applicable to the Primary Delivery Point(s) are also set forth in Exhibit B.

2.3 Shipper shall cause gas to be delivered to High Point at Receipt Point(s) at a pressure sufficient to allow the gas to enter the System as such pressure shall vary from time to time and place to place. High Point shall not be required to compress gas in order to receive gas into the System.

2.4 High Point shall deliver the Equivalent Quantities at the Delivery Point(s) for the account of Shipper at the pressure that shall be available from time to time in the System.

ARTICLE III

3. RATE(S), RATE SCHEDULE FTS AND GENERAL TERMS AND CONDITIONS
3.1 Shipper shall pay High Point for services rendered hereunder in accordance with Rate Schedule FTS, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC and lawfully in effect from time to time.

3.2 High Point shall have the right, from time to time, to file and to seek FERC approval, pursuant to Section 4 of the Natural Gas Act, to change any rates, charges or provisions set forth in its Rate Schedule FTS or its General Terms and Conditions. High Point shall place such changes in effect in accordance with Section 4(c) of the Natural Gas Act and this Firm Service Agreement shall be deemed to include such changes that become effective by operation of law or by FERC order, without prejudice to Shipper’s right to protest the same.

3.3 This Firm Service Agreement in all respects is subject to the provisions of Rate Schedule FTS, or superseding rate schedule(s), and applicable provisions of the General Terms and Conditions included by reference in such Rate Schedule FTS filed by High Point with FERC, all of which are by reference made a part hereof. Capitalized terms not otherwise defined in this Firm Service Agreement shall have the meanings given to such terms in High Point’s FERC Gas Tariff.

3.4 Any changes or additions to this Firm Service Agreement are set forth in Exhibit D.

ARTICLE IV

4. REGULATORY REQUIREMENTS AND CONDITIONS PRECEDENT

4.1 The transportation arrangements provided for in this Firm Service Agreement are subject to the provisions of Part 284 of FERC’s regulations, as amended from time to time.

4.2 Transportation of gas provided for under the terms and provisions of this Firm Service Agreement shall not commence until the following conditions have been met:

a. Any construction, acquisition, or expansion of facilities necessary to commence transportation have been completed;

b. Any certificate or regulatory authorization for the use of facilities necessary to commence transportation has been obtained;

c. Any force majeure event preventing High Point or Shipper from performing its obligations under this Firm Service Agreement has been remedied; and

d. Shipper satisfies the creditworthiness criteria in accordance with Section 6.11.5 of the General Terms and Conditions of High Point’s FERC Gas Tariff.
ARTICLE V

5. TERM

5.1 This Firm Service Agreement shall be effective ________________.

5.2 After this Firm Service Agreement becomes effective, it shall continue in full force and effect until __________, and then on a Month to Month basis thereafter unless and until terminated by High Point or Shipper upon the prior written notice to the other party as specified below:

<table>
<thead>
<tr>
<th>Term of Firm Service Agreement (Yrs.)</th>
<th>Minimum Termination Notice (Days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>* 1</td>
<td>30</td>
</tr>
<tr>
<td>* Longer than 1 &amp; less than 5</td>
<td>45</td>
</tr>
<tr>
<td>* 5 or longer</td>
<td>90</td>
</tr>
</tbody>
</table>

However, termination will not relieve either party of the obligation to perform the terms of this Firm Service Agreement as to any transactions that were commenced prior to termination.

ARTICLE VI

6. CANCELLATION OF PRIOR CONTRACT

6.1 When this Firm Service Agreement becomes effective, it supersedes and cancels as of the effective date hereof the following Firm Service Agreement(s) between the parties hereto for the transportation of gas by High Point for Shipper:

ARTICLE VII

7. NOTICES

7.1 Any formal notice, request, or demand that either party gives to the other regarding this Firm Service Agreement must be in writing and be mailed by first class, registered or certified mail or be delivered in hand to the following address of the other party, or to such other address as either may designate by formal written notice. Routine communications may be mailed by ordinary mail. Operational communications by telephone, fax, High Point’s Internet Home Page, Electronic Mail or other mutually agreeable means will be considered as duly delivered without further written confirmation, unless specifically required by High Point’s FERC Gas Tariff.
High Point:  
HIGH POINT GAS TRANSMISSION, LLC  
919 Milam, Suite 2400  
Houston, TX 77002  
Attn: Manager, Commercial Operations  

Shipper:  
[Insert Address]  

7.2 Nominations to schedule transportation service hereunder shall be directed to High Point’s Gas Control Department at the following telephone and fax numbers, or Designated Site:  

High Point Gas Transmission, LLC  
Gas Control Department  
Telephone No.: 713 660-7171  
Fax No.: 713 660-7177  
Designated Site: High Point’s Internet Home Page  

7.3 Wire transfer payments to High Point shall be accompanied with the instructions “to credit the account of High Point” and shall be sent to the following bank and account number:  

[Insert wire transfer instructions]  

7.4 Remittance detail supporting wire transfer payments to High Point and any notice, request or demand regarding statements, bills or payments shall be mailed to the following address:  

HIGH POINT GAS TRANSMISSION, LLC  
919 Milam, Suite 2400  
Houston, TX 77002  
Attn: High Point Accounting  

ARTICLE VIII  

8. MISCELLANEOUS  

8.1 Unless otherwise provided, all substances, whether or not of commercial value, including all liquid hydrocarbons of whatever nature, that High Point recovers in the course of transporting the quantities of gas tendered hereunder by Shipper shall be High Point’s sole property and High Point shall not be obligated to account to Shipper for any value, whether or not realized by High Point, that may attach or be said to attach to such substances.
8.2 Exhibits A, B, C and D, attached to this Firm Service Agreement, are hereby incorporated by reference as part of this Firm Service Agreement. The parties may amend Exhibits A, B, C or D by mutual agreement, which amendments shall be reflected in a revised Exhibit A, B, C or D and shall be incorporated by reference as part of this Firm Service Agreement.

8.3 THIS FIRM SERVICE AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO ITS CHOICE OF LAW PROVISIONS AND THE PARTIES HERETO STIPULATE THAT WITH RESPECT TO ANY AND ALL DISPUTES BETWEEN THE PARTIES ARISING FROM OR RELATING TO THIS FIRM SERVICE AGREEMENT, VENUE WILL LIE IN THE FEDERAL OR STATE COURTS OF HOUSTON, HARRIS COUNTY, TEXAS.

8.4 In no event shall either party be liable to the other for any special, punitive, incidental, indirect, or consequential damages, including but not limited to loss of profits or business interruptions, arising out of or in any way related to this Firm Service Agreement.

8.5 The assignment of this Firm Service Agreement is governed by Section 6.23 of the General Terms and Conditions.

8.6 The failure of either party to exercise any right granted herein will not impair, or be deemed a waiver of, that party’s privilege of exercising that right any subsequent time.

8.7 Neither party intends for the provisions of this Firm Service Agreement to benefit any third party. No third party shall have any right to enforce the terms of this Firm Service Agreement against High Point or Shipper.

8.8 This Firm Service Agreement may not be amended unless the amendment is in writing and signed by both parties.

8.9 This Firm Service Agreement and the obligations of the parties are subject to all present and future valid laws with respect to the subject matter and to all present and future valid orders, rules, and regulations of duly constituted authorities having jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Firm Service Agreement in duplicate originals on the day and year first written above.

WITNESSES:

___
HIGH POINT GAS TRANSMISSION, LLC
By ___
Its ___
FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION SERVICE UNDER RATE SCHEDULE FTS

EXHIBIT A
To The
Firm Service Agreement
Dated ___________
Between HIGH POINT GAS TRANSMISSION, LLC
And ___________

Primary Receipt Points

Maximum Daily Quantity (Dth)

Effective Date of this Exhibit A: __________________________

Supersedes Exhibit A Effective: __________________________

[SHIPPER] HIGH POINT GAS TRANSMISSION, LLC
By ____ By ____
Its ____ Date ____ Its ____ Date ____
FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION
SERVICE UNDER RATE SCHEDULE FTS

EXHIBIT B
To The
Firm Service Agreement
Dated __________
Between HIGH POINT GAS TRANSMISSION, LLC
And __________

Primary Delivery Points

Maximum Daily Quantity
(Dth)

Shipper’s Maximum Daily Reservation Quantity: ________________

Effective Date of this Exhibit B: ________________________

Supersedes Exhibit B Effective: ________________________

[SHIPPER]                         HIGH POINT GAS TRANSMISSION, LLC
By  ____                           By  ____
Its ___ Date ___                  Its ___ Date ___
FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION
SERVICE UNDER RATE SCHEDULE FTS

EXHIBIT C
To The
Firm Service Agreement
Dated __________
Between HIGH POINT GAS TRANSMISSION, LLC
And ___________
Negotiated Rate Agreement

Shipper agrees to the Negotiated Rate Option in accordance with Section 6.30 of the General Terms and Conditions and notifies High Point that it desires to be billed, and agrees to pay, the charges specified below for the period set forth below. Shipper acknowledges that this election is an alternative to the billing of charges for Rate Schedule FTS set forth in Section 4 of High Point’s FERC Gas Tariff, as revised from time to time. Shipper also acknowledges that its election constitutes waiver of its reliance on and its right to use the recourse rates that are available to Shippers under Rate Schedule FTS.

Specification of Negotiated Rate:

Period of Negotiated Rate Agreement:

Effective Date of this Exhibit C: ________________

Supersedes Exhibit C Effective: ________________

[SHIPPER] HIGH POINT GAS TRANSMISSION, LLC
By ___ ____________________ By ___ ____________________
Its ___ Date ___ Its ___ Date ___
FORM OF SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION SERVICE UNDER RATE SCHEDULE FTS

EXHIBIT D
To The
Firm Service Agreement
Dated __________
Between HIGH POINT GAS TRANSMISSION, LLC
And __________

Additional or Other Provisions

Effective Date of this Exhibit D: ________________

Supersedes Exhibit D Effective: ________________

[SHIPPER] HIGH POINT GAS TRANSMISSION, LLC
By ____ ____________________ By ____ ____________________
Its ___ Date ___ Its ___ Date ___
FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER RATE SCHEDULE ITS

THIS INTERRUPTIBLE SERVICE AGREEMENT ("Interruptible Service Agreement"), made this _____ day of __________, between HIGH POINT GAS TRANSMISSION, LLC, a Delaware limited liability company, hereinafter referred to as “High Point,” and ________________, a _____________________ hereinafter referred to as “Shipper.”

W I T N E S S E T H

WHEREAS, High Point owns and operates the System;

WHEREAS, High Point has received a request from a Shipper that desires to ship certain quantities of gas through the System on an interruptible basis;

WHEREAS, High Point has determined that the System may have available capacity to transport Shipper’s gas and is willing to transport said gas through the System subject to the availability of capacity; and

WHEREAS, High Point is willing to receive certain quantities of gas for the account of Shipper at the Receipt Point(s) subject to the availability of capacity and to deliver Equivalent Quantities for the account of Shipper at the Delivery Point(s), subject to the availability of capacity.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein set forth, the parties hereto do covenant and agree as follows:

ARTICLE I

1. GAS TO BE TRANSPORTED

1.1 Subject to the terms and provisions of this Interruptible Service Agreement, High Point’s Rate Schedule ITS and the General Terms and Conditions of High Point’s FERC Gas Tariff, High Point agrees to accept such quantities of gas as Shipper may cause to be tendered to High Point at the Receipt Point(s), designated pursuant to Section 2.1 of this Interruptible Service Agreement, on any day during the term of this Interruptible Service Agreement; provided, however, that High Point shall only be obligated to accept on any day for transportation hereunder that quantity of gas High Point determines it has available capacity to receive, transport, and deliver and provided further that in no event shall High Point be obligated to accept gas on any day in excess of the Maximum Daily Quantities for each Receipt Point set forth in Exhibit A or in excess of the Maximum Daily Transportation Quantity set forth in Exhibit B.
1.2 If on any day High Point should determine that the remaining transportation capacity of the System, after High Point has transported gas for Shippers with superior rights to transportation, is insufficient to transport all quantities of gas under similar Service Agreements entitled to similar transportation services, High Point shall allocate the available transportation capacity on the basis set forth in Section 6.7 of the General Terms and Conditions.

1.3 Subject to the terms and provisions of this Interruptible Service Agreement, Rate Schedule ITS and the General Terms and Conditions, High Point shall deliver for the account of Shipper and Shipper shall accept at the Delivery Point(s) referenced in Section 2.2 of this Service Agreement the Equivalent Quantities; provided, however, that in no event shall High Point be obligated to deliver gas on any day in excess of the maximum daily quantities for each Delivery Point set forth in Exhibit B or in excess of the Maximum Daily Transportation Quantity set forth in Exhibit B.

ARTICLE II

2. RECEIPT POINT(S), DELIVERY POINT(S) AND PRESSURES

2.1 The Receipt Point(s) at which Shipper shall cause gas to be tendered to High Point for transportation hereunder are described in Exhibit A to this Interruptible Service Agreement. Other pertinent factors applicable to the Receipt Point(s) are also set forth in Exhibit A.

2.2 The Delivery Point(s) at which High Point shall deliver Equivalent Quantities are described in Exhibit B to this Interruptible Service Agreement. Other pertinent factors applicable to the Delivery Point(s) are also set forth in Exhibit B.

2.3 Shipper shall cause gas to be delivered to High Point at Receipt Point(s) at a pressure sufficient to allow the gas to enter the System as such pressure shall vary from time to time and place to place. High Point shall not be required to compress gas in order to receive gas into the System.

2.4 High Point shall deliver the Equivalent Quantities at the Delivery Point(s) for the account of Shipper at the pressure that shall be available from time to time in the System.

ARTICLE III

3. RATE(S), RATE SCHEDULE ITS AND GENERAL TERMS AND CONDITIONS

3.1 Shipper shall pay High Point for services rendered hereunder in accordance with Rate Schedule ITS, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC and lawfully in effect from time to time.
3.2 High Point shall have the right, from time to time, to file and to seek FERC approval, pursuant to Section 4 of the Natural Gas Act, to change any rates, charges or provisions set forth in its Rate Schedule ITS or its General Terms and Conditions. High Point shall place such changes in effect in accordance with Section 4(c) of the Natural Gas Act and this Interruptible Service Agreement shall be deemed to include such changes that become effective by operation of law or by FERC order, without prejudice to Shipper’s right to protest the same.

3.3 This Interruptible Service Agreement in all respects is subject to the provisions of Rate Schedule ITS, or superseding rate schedule(s), and applicable provisions of the General Terms and Conditions included by reference in such Rate Schedule ITS filed by High Point with FERC, all of which are by reference made a part hereof. Capitalized terms not otherwise defined in this Service Agreement shall have the meanings given to such terms in High Point’s FERC Gas Tariff.

3.4 Any additional or other provisions to this Interruptible Service Agreement are set forth in Exhibit C.

ARTICLE IV

4. REGULATORY REQUIREMENTS AND CONDITIONS PRECEDENT

4.1 The transportation arrangements provided for in this Interruptible Service Agreement are subject to the provisions of Part 284 of FERC’s regulations, as amended from time to time.

4.2 Transportation of gas provided for under the terms and provisions of this Interruptible Service Agreement shall not commence until the following conditions have been met:

a. Any construction, acquisition, or expansion of facilities necessary to commence transportation have been completed;

b. Any certificate or regulatory authorization for the use of facilities necessary to commence transportation has been obtained;

c. Any force majeure event preventing High Point or Shipper from performing its obligations under this Interruptible Service Agreement has been remedied; and

d. Shipper satisfies the creditworthiness criteria in accordance with Section 6.11.5 of the General Terms and Conditions of High Point’s FERC Gas Tariff.

ARTICLE V

5. TERM

5.1 This Interruptible Service Agreement shall be effective ______________.
5.2 After this Interruptible Service Agreement becomes effective, it shall continue in full force and effect until ___________, and then on a Month to Month basis thereafter. This Interruptible Service Agreement may be terminated by High Point or Shipper at any time upon ten (10) days prior written notice. However, termination will not relieve either party of the obligation to perform the terms of this Interruptible Service Agreement as to any transactions that were commenced prior to termination.

ARTICLE VI

6. CANCELLATION OF PRIOR CONTRACT

6.1 When this Interruptible Service Agreement becomes effective, it supersedes and cancels as of the effective date hereof the following Interruptible Service Agreement(s) between the parties hereto for the transportation of gas by High Point for Shipper:

ARTICLE VII

7. NOTICES

7.1 Any formal notice, request, or demand that either party gives to the other regarding this Interruptible Service Agreement must be in writing and be mailed by first class, registered or certified mail or be delivered in hand to the following address of the other party, or to such other address as either may designate by formal written notice. Routine communications may be mailed by ordinary mail. Operational communications by telephone, fax, High Point’s Internet Home Page, Electronic Mail or other mutually agreeable means will be considered as duly delivered without further written confirmation, unless specifically required by High Point’s FERC Gas Tariff.

High Point:

HIGH POINT GAS TRANSMISSION, LLC
919 Milam, Suite 2400
Houston, TX 77002
Attn: Manager, Commercial Operations

Shipper:

[Insert Address]

7.2 Nominations to schedule transportation service hereunder shall be directed to High Point’s Gas Control Department at the following telephone and fax numbers, or Designated Site:
7.3 Wire transfer payments to High Point shall be accompanied with the instructions “to credit the account of High Point” and shall be sent to the following bank and account number:

[Insert wire transfer instructions]

7.4 Remittance detail supporting wire transfer payments to High Point and any notice, request or demand regarding statements, bills or payments shall be mailed to the following address:

HIGH POINT GAS TRANSMISSION, LLC
919 Milam, Suite 2400
Houston, TX 77002
Attn: High Point Accounting

ARTICLE VIII

8. MISCELLANEOUS

8.1 Unless otherwise provided, all substances, whether or not of commercial value, including all liquid hydrocarbons of whatever nature, that High Point recovers in the course of transporting the quantities of gas tendered hereunder by Shipper shall be High Point’s sole property and High Point shall not be obligated to account to Shipper for any value, whether or not realized by High Point, that may attach or be said to attach to such substances.

8.2 Exhibits A, B and C, attached to this Interruptible Service Agreement, are hereby incorporated by reference as part of this Interruptible Service Agreement. The parties may amend Exhibits A, B or C by mutual agreement, which amendments shall be reflected in a revised Exhibit A, B or C and shall be incorporated by reference as part of this Interruptible Service Agreement.

8.3 THIS INTERRUPTIBLE SERVICE AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO ITS CHOICE OF LAW PROVISIONS AND THE PARTIES HERETO STIPULATE THAT WITH RESPECT TO ANY AND ALL DISPUTES BETWEEN THE PARTIES ARISING FROM OR RELATING TO THIS INTERRUPTIBLE SERVICE AGREEMENT, VENUE WILL LIE IN THE FEDERAL OR STATE COURTS OF HOUSTON,
8.4 In no event shall either party be liable to the other for any special, punitive, incidental, indirect, or consequential damages, including but not limited to loss of profits or business interruptions, arising out of or in any way related to this Interruptible Service Agreement.

8.5 The assignment of this Interruptible Service Agreement is governed by Section 6.23 of the General Terms and Conditions.

8.6 The failure of either party to exercise any right granted herein will not impair, or be deemed a waiver of, that party’s privilege of exercising that right any subsequent time.

8.7 Neither party intends for the provisions of this Interruptible Service Agreement to benefit any third party. No third party shall have any right to enforce the terms of this Interruptible Service Agreement against High Point or Shipper.

8.8 This Interruptible Service Agreement may not be amended unless the amendment is in writing and signed by both parties.

8.9 This Interruptible Service Agreement and the obligations of the parties are subject to all present and future valid laws with respect to the subject matter and to all present and future valid orders, rules, and regulations of duly constituted authorities having jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Interruptible Service Agreement in duplicate originals on the day and year first written above.

WITNESSES:

- HIGH POINT GAS TRANSMISSION, LLC
  By_____  Its_____

- [SHIPPER] By_____  Its_____
FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER RATE SCHEDULE ITS

EXHIBIT A

To The
Interruptible Service Agreement
Dated ________________
Between HIGH POINT GAS TRANSMISSION, LLC
And ________________

Receipt Points

Maximum Daily Quantity
(Dth)

Effective Date of this Exhibit A: __________________________

Supersedes Exhibit A Effective: __________________________

[SHIPPER] HIGH POINT GAS TRANSMISSION, LLC
By ____ By ____
Its ____ Date ___ Its ____ Date ___
FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER RATE SCHEDULE ITS
EXHIBIT B

To The
Interruptible Service Agreement
Dated _____________
Between HIGH POINT GAS TRANSMISSION, LLC
And ____________

Delivery Points

Maximum Daily Quantity
(Dth)

Shipper’s Maximum Daily Transportation Quantity ________________

Effective Date of this Exhibit B: ______________________

Supersedes Exhibit B Effective: ______________________

[SHIPPER] HIGH POINT GAS TRANSMISSION, LLC
By ____ By ____
Its ____ Date ____ Its ____ Date ____
FORM OF SERVICE AGREEMENT
APPLICABLE TO INTERRUPTIBLE TRANSPORTATION
SERVICE UNDER RATE SCHEDULE ITS

EXHIBIT C

To The
Interruptible Service Agreement
Dated ____________
Between HIGH POINT GAS TRANSMISSION, LLC
And ____________________

Additional or Other Provisions

Effective Date of this Exhibit C: ________________
Supersedes Exhibit C Effective: ________________

[SHIPPER] HIGH POINT GAS TRANSMISSION, LLC

By _______                      By _______
Its _____Date _____            Its _____Date _____
FORM OF SERVICE AGREEMENT
APPLICABLE TO POOLING SERVICE
UNDER RATE SCHEDULE PS

THIS SERVICE AGREEMENT ("Service Agreement"), made this ___ day of ____________, between HIGH POINT GAS TRANSMISSION, LLC, a Delaware limited liability company, hereinafter referred to as "High Point," and __________________, a __________________, hereinafter referred to as "Shipper."

WITNESSETH:

WHEREAS, Shipper has requested that High Point allow it to “pool” supplies of gas that will be shipped on the System;

WHEREAS, Shipper has executed a Service Agreement under Rate Schedule FTS or Rate Schedule ITS; and

WHEREAS, High Point has agreed to provide such “Pooling Service” for Shipper subject to the terms and conditions set forth in this Service Agreement, High Point’s Rate Schedule PS and the General Terms and Conditions of High Point’s FERC Gas Tariff, as applicable;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein set forth, the parties hereto do covenant and agree as follows:

ARTICLE I

1. QUANTITY TO BE POOLED

1.1 Subject to the terms and provisions of this Service Agreement, High Point’s Rate Schedule PS and the General Terms and Conditions of High Point’s FERC Gas Tariff, High Point agrees to allow Shipper to pool such quantities of gas as the Shipper may nominate for transfer to or from another Shipper under Rate Schedule PS or a Shipper under High Point’s transportation rate schedules. Pooling nominations for Pooling Service will be accepted only at Receipt Point(s) on High Point’s master Receipt Point List(s), as revised from time to time. Quantities nominated on any day under this Service Agreement shall not exceed the Maximum Pooling Quantity (MPQ), which for this Service Agreement is _______ Dth/d.

ARTICLE II

2. RATE(S), RATE SCHEDULE PS AND GENERAL TERMS AND CONDITIONS

2.1 Rate: There is no separate charge for Pooling Service. Shipper shall, however, be liable
for any charges that might be applied as a result of governmental decision that are not presently being applied to the extent that they must be charged as a result of High Point providing this service and paid through to a governmental authority. Shipper may also be liable for charges set forth in Rate Schedule PS or charges appearing in the General Terms and Conditions. Such charges, if any, shall be paid in the same manner on the same timetable as any charge by High Point for transportation service.

2.2 High Point shall have the right, from time to time, to file and to seek FERC approval, pursuant to Section 4 of the Natural Gas Act, to change any rates, charges or provisions set forth in its Rate Schedule PS or its General Terms and Conditions, incorporated by reference as part of this Service Agreement. High Point shall place such changes in effect in accordance with Section 4(c) of the Natural Gas Act and this Service Agreement shall be deemed to include such changes that become effective by operation of law or by FERC order, without prejudice to Shipper’s right to protest the same.

2.3 This Service Agreement in all respects is subject to the provisions of Rate Schedule PS, or superseding rate schedule(s), and applicable provisions of the General Terms and Conditions included by reference in said Rate Schedule PS, all of which are by reference made a part hereof. Capitalized terms not otherwise defined in this Service Agreement shall have the meanings given to such terms in High Point’s FERC Gas Tariff.

ARTICLE III

3. Term

3.1 This Service Agreement shall be effective ______________.

3.2 After this Service Agreement becomes effective, it shall continue in full force and effect until__________, and then on a Month to Month basis thereafter. This Service Agreement may be terminated by High Point or Shipper at any time upon ten (10) days prior written notice. However, termination will not relieve either party of the obligation to perform the terms of this Service Agreement as to any transactions that were commenced prior to termination.

ARTICLE IV

4. Notices

4.1 Any formal notice, request, or demand that either party gives to the other regarding this Service Agreement must be in writing and be mailed by first class, registered or certified mail or be delivered in hand to the following address of the other party, or to such other address as either may designate by formal written notice. Routine communications may be mailed by ordinary mail. Operational communications by telephone, fax, High Point’s Internet Home Page, Electronic Mail or other mutually agreeable means will be considered as duly delivered without
further written confirmation, unless specifically required by High Point’s FERC Gas Tariff.

High Point:

HIGH POINT GAS TRANSMISSION, LLC
919 Milam, Suite 2400
Houston, TX 77002
Attn: Manager, Commercial Operations

Shipper:

[Insert Address]

4.2 Nominations to schedule service hereunder shall be directed to High Point’s Gas Control Department at the following telephone and fax numbers, or Designated Site:

HIGH POINT GAS TRANSMISSION, LLC
Gas Control Department
Telephone No.: 713 660-7171
Fax No.: 713 660-7177
Designated Site: High Point’s Internet Home Page

4.3 Wire transfer payments to High Point shall be accompanied with the instructions “to credit the account of High Point” and shall be sent to the following bank and account number.

[Insert wire transfer instructions]

4.4 Remittance detail supporting wire transfer payments to High Point and any notice, request or demand regarding statements, bills or payments shall be mailed to the following address:

HIGH POINT GAS TRANSMISSION, LLC
919 Milam, Suite 2400
Houston, TX 77002
Attn: High Point Accounting

ARTICLE V

5. MISCELLANEOUS

5.1 OTHER THAN AS MAY BE SET FORTH HEREIN, HIGH POINT MAKES NO
OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY.

5.2 High Point makes no warranties whatsoever with respect to the validity of title being transferred by any party utilizing the System and hereby expressly states that it will not assume any obligation to determine the validity of any Title Transfer, nor will it otherwise perform any function related to the transfer of title except to track for accounting purposes transfers made pursuant to nominations and confirmation provided by Shippers and those to whom they transfer title or from whom they receive Title Transfers. It shall be totally the responsibility of the Shipper and those to whom or from whom it transfers title to resolve disputes over the validity of title being transferred.

5.3 THIS SERVICE AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO ITS CHOICE OF LAW PROVISIONS AND THE PARTIES HERETO STIPULATE THAT WITH RESPECT TO ANY AND ALL DISPUTES BETWEEN THE PARTIES ARISING FROM OR RELATING TO THIS SERVICE AGREEMENT, VENUE WILL LIE IN THE FEDERAL OR STATE COURTS OF HOUSTON, HARRIS COUNTY, TEXAS.

5.4 In no event shall either party be liable to the other for any special, punitive, incidental, indirect, or consequential damages, including but not limited to loss of profits or business interruptions, arising out of or in any way related to this Service Agreement.

5.5 The assignment of this Service Agreement is governed by Section 6.23 of the General Terms and Conditions.

5.6 The failure of either party to exercise any right granted herein will not impair, or be deemed a waiver of, that party’s privilege of exercising that right any subsequent time.

5.7 Neither party intends for the provisions of this Service Agreement to benefit any third party. No third party shall have any right to enforce the terms of this Service Agreement against High Point or Shipper.

5.8 This Service Agreement may not be amended unless the amendment is in writing and signed by both parties.

5.9 This Service Agreement and the obligations of the parties are subject to all present and future valid laws with respect to the subject matter and to all present and future valid orders, rules, and regulations of duly constituted authorities having jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Service Agreement in duplicate originals on the day and year first written above.
WITNESSES:

HIGH POINT GAS TRANSMISSION, LLC
By____
Its____

[SHIPPER] By____
Its____
FORM OF SERVICE AGREEMENT
APPLICABLE TO PARK AND LOAN SERVICE
UNDER RATE SCHEDULE PAL

THIS SERVICE AGREEMENT ("Service Agreement"), made this __ day of __________, between HIGH POINT GAS TRANSMISSION, LLC, a Delaware limited liability company, hereinafter referred to as “High Point,” and __________________, a ____________________, hereinafter referred to as “Shipper.”

WITNESSETH:

WHEREAS, Shipper has requested that High Point provide it with park and loan services for its supplies of gas that will be shipped on the System; and

WHEREAS, High Point has agreed to provide such “PAL Service” for Shipper subject to the terms and conditions set forth in this Service Agreement, High Point’s Rate Schedule PAL, and the General Terms and Conditions of High Point’s FERC Gas Tariff, as applicable;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein set forth, the parties hereto do covenant and agree as follows:

ARTICLE I

1. PARK AND LOAN SERVICE

1.1 Parking Service. Subject to the terms and provisions of this Service Agreement (including Exhibit A hereto), High Point’s Rate Schedule PAL and the General Terms and Conditions of High Point’s FERC Gas Tariff, Shipper agrees to deliver or cause gas to be delivered to High Point and High Point agrees to (a) the receipt of a quantity of gas ("Parked Quantity"), equal to the Daily Quantity specified in Exhibit A, on behalf of Shipper at the applicable Point of Transaction ("PT") on the System; (b) hold the Parked Quantity on the System; and (c) deliver, upon nomination by Shipper, the Parked Quantity to Shipper at the same PT.

Shipper shall receive or deliver gas from or to High Point at the PT by delivering the scheduled volumes to or from a Service Agreement under Rate Schedule FTS or ITS. Shipper shall make any necessary arrangements with High Point or third parties to receive or deliver gas to High Point at the PT; provided, however, that such arrangements shall be compatible with the operating conditions of the System and shall provide for coordinated scheduling with High Point.

1.2 Loaning Service. Subject to the terms and conditions of this Service Agreement (including Exhibit A hereto) High Point’s Rate Schedule PAL and the General Terms and Conditions of High Point’s FERC Gas Tariff, High Point shall make available to Shipper at the
specified PT on an interruptible basis a quantity of gas to be loaned to Shipper for a time period up to the maximum term specified in Exhibit A hereto. Shipper shall return the loaned quantities of gas to High Point at the PT where Shipper received the loaned gas.

1.3 Service rendered hereunder shall be interruptible, which shall be subject to limitation or interruption at High Point's reasonable discretion. In the event High Point is unable to provide the level of Park or Loan Service requested by all Shippers under Rate Schedule PAL, then High Point shall allocate available Park or Loan Service among such Shippers in accordance with Section 5.1 of Rate Schedule PAL.

1.4 High Point and Shipper shall execute a new Exhibit A for each Park or Loan Service agreed to hereunder. Each Exhibit A shall set forth a deal number for each transaction, which Shipper shall use when nominating its service hereunder.

1.5 Except as herein specified, the responsibility for gas for the duration of the Park or Loan Service shall be as stated in the General Terms and Conditions of High Point’s FERC Gas Tariff.

ARTICLE II

2. RATE(S), RATE SCHEDULE PAL AND GENERAL TERMS AND CONDITIONS

2.1 Shipper shall pay High Point for services rendered hereunder in accordance with Rate Schedule PAL, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC and lawfully in effect from time to time.

2.2 High Point shall have the right, from time to time, to file and to seek FERC approval, pursuant to Section 4 of the Natural Gas Act, to change any rates, charges or provisions set forth in its Rate Schedule PAL or its General Terms and Conditions. High Point shall place such changes in effect in accordance with Section 4(c) of the Natural Gas Act and this Service Agreement shall be deemed to include such changes that become effective by operation of law or by FERC order, without prejudice to Shipper’s right to protest the same.

2.3 This Service Agreement in all respects is subject to the provisions of Rate Schedule PAL, or superseding rate schedule(s), and applicable provisions of the General Terms and Conditions included by reference in said Rate Schedule PAL, all of which are by reference made a part hereof. Capitalized terms not otherwise defined in this Service Agreement shall have the meanings given to such terms in High Point’s FERC Gas Tariff.

ARTICLE III

3. TERM

3.1 This Service Agreement shall be effective ______________.
3.2 After this Service Agreement becomes effective, it shall continue in full force and effect until __________, and then on a Month to Month basis thereafter. This Service Agreement may be terminated by High Point or Shipper at any time upon ten (10) days prior written notice. However, termination will not relieve either party of the obligation to perform the terms of this Service Agreement as to any transactions that were commenced prior to termination.

ARTICLE IV

4. NOTICES

4.1 Any formal notice, request, or demand that either party gives to the other regarding this Service Agreement must be in writing and be mailed by first class, registered or certified mail or be delivered in hand to the following address of the other party, or to such other address as either may designate by formal written notice. Routine communications may be mailed by ordinary mail. Operational communications by telephone, fax, High Point’s Internet Home Page, Electronic Mail or other mutually agreeable means will be considered as duly delivered without further written confirmation, unless specifically required by High Point’s FERC Gas Tariff.

High Point:

HIGH POINT GAS TRANSMISSION, LLC
919 Milam, Suite 2400
Houston, TX 77002
Attn: Manager, Commercial Operations

Shipper:

[Insert Address]

4.2 Nominations to schedule service hereunder shall be directed to High Point’s Gas Control Department at the following telephone and fax numbers, or Designated Site:

HIGH POINT GAS TRANSMISSION, LLC
Gas Control Department
Telephone No.: 713 660-7171
Fax No.: 713 660-7177
Designated Site: High Point’s Internet Home Page

4.3 Wire transfer payments to High Point shall be accompanied with the instructions “to credit the account of High Point” and shall be sent to the following bank and account number.

[Insert wire transfer instructions]
4.4 Remittance detail supporting wire transfer payments to High Point and any notice, request or demand regarding statements, bills or payments shall be mailed to the following address:

HIGH POINT GAS TRANSMISSION, LLC
919 Milam, Suite 2400
Houston, TX 77002
Attn: High Point Accounting

ARTICLE V

5. WARRANTIES

5.1 Shipper warrants the following:

a. Shipper warrants that all upstream and downstream pooling and transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised, if necessary, the upstream and downstream parties of this Service Agreement and any quantity limitations for each PT. Shipper agrees to indemnify and hold High Point harmless for refusal to provide parking service hereunder in the event any upstream or downstream party fails to receive or deliver gas as contemplated by this Service Agreement;

b. Shipper agrees to indemnify and hold High Point harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses (including reasonable attorneys’ fees) arising from or out of breach of any warranty by Shipper herein.

5.2 High Point shall not be obligated to provide or continue service hereunder in the event of any breach of warranty.

ARTICLE VI

6. MISCELLANEOUS

6.1 OTHER THAN AS MAY BE SET FORTH HEREIN, HIGH POINT MAKES NO OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY.

6.2 High Point makes no warranties whatsoever with respect to the validity of title being transferred by any party utilizing the System and hereby expressly states that it will not assume
any obligation to determine the validity of any Title Transfer, nor will it otherwise perform any
function related to the transfer of title except to track for accounting purposes transfers made
pursuant to nominations and confirmation provided by Shippers and those to whom they transfer
title or from whom they receive Title Transfers. It shall be totally the responsibility of the
Shipper and those to whom or from whom it transfers title to resolve disputes over the validity of
title being transferred.

6.3 THIS SERVICE AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN
ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO
ITS CHOICE OF LAW PROVISIONS AND THE PARTIES HERETO STIPULATE THAT
WITH RESPECT TO ANY AND ALL DISPUTES BETWEEN THE PARTIES ARISING
FROM OR RELATING TO THIS SERVICE AGREEMENT, VENUE WILL LIE IN THE
FEDERAL OR STATE COURTS OF HOUSTON, HARRIS COUNTY, TEXAS.

6.4 In no event shall either party be liable to the other for any special, punitive, incidental,
indirect, or consequential damages, including but not limited to loss of profits or business
interruptions, arising out of or in any way related to this Service Agreement.

6.5 The assignment of this Service Agreement is governed by Section 6.23 of the General
Terms and Conditions.

6.6 The failure of either party to exercise any right granted herein will not impair, or be
deemed a waiver of, that party’s privilege of exercising that right any subsequent time.

6.7 Neither party intends for the provisions of this Service Agreement to benefit any third
party. No third party shall have any right to enforce the terms of this Service Agreement against
High Point or Shipper.

6.8 This Service Agreement may not be amended unless the amendment is in writing and
signed by both parties.

6.9 This Service Agreement and the obligations of the parties are subject to all present and
future valid laws with respect to the subject matter and to all present and future valid orders,
rules, and regulations of duly constituted authorities having jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Service Agreement in duplicate
originals on the day and year first written above.

WITNESSES:

HIGH POINT GAS TRANSMISSION, LLC
By____
High Point Gas Transmission, LLC
FERC Gas Tariff
Original Volume No. 1

Section 7.4
Form of Service Agreement - PAL
Version 1.0.0

___Its___

_ [SHIPPER] By___
___ Its___
FORM OF SERVICE AGREEMENT
APPLICABLE TO PARK AND LOAN SERVICE
UNDER RATE SCHEDULE PAL

EXHIBIT A

To The
Service Agreement
Dated ____________
Between HIGH POINT GAS TRANSMISSION, LLC
And ______________________________

Term of Service Agreement*:

Service beginning on ________________
Service ending on _________________

Daily Charge:

Point of Transaction ________________
Total Quantity _________________

Schedule for Service**:

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Special terms and conditions: [including a description of any negotiated rate or discount rate agreed to by High Point and the effective period thereof]
* If Shipper’s account balance is not zero on the last day of the agreed upon term as set forth in this Service Agreement and it is operationally feasible, High Point and Shipper may mutually agree to extend the agreed upon term in order to reach a zero balance.

** The daily quantity of gas delivered to or from High Point on a daily basis shall equal the agreed upon daily quantity of gas set forth in this Service Agreement unless otherwise mutually agreed upon by both High Point and Shipper.

Effective Date of this Exhibit A: __________________________

Supersedes Exhibit A Effective: __________________________

[SHIPPER] 
By ____
Its ____ Date ___

HIGH POINT GAS TRANSMISSION, LLC
By ____
Its ____ Date ___