

FERC GAS TARIFF
FIRST REVISED VOLUME NO. 1
of
SG RESOURCES MISSISSIPPI, L.L.C.
Filed with the
FEDERAL ENERGY REGULATORY COMMISSION

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2.0 PRELIMINARY STATEMENT

SG Resources Mississippi, L.L.C. (“SGRM”) is a Delaware limited liability company, which is primarily engaged in the business of developing and operating underground natural gas storage facilities and providing natural gas storage services in interstate commerce under the jurisdiction of the Federal Energy Regulatory Commission (“FERC” or “Commission”). SGRM is authorized to charge and collect market-based rates for all services that it provides.

SGRM operates the Southern Pines Energy Center facility located in Mississippi and Alabama (“SGRM’s Facility”). SGRM’s Facility is physically interconnected with the pipelines set forth below. (The receipt and delivery points are listed within the parentheses).

Destin Pipeline Company, L.L.C. (“Destin”), (“Destin_GulfSouth”)
Florida Gas Transmission Company, LLC (“FGT_MBL”)
Florida Gas Transmission Company, LLC (“FGT_Z3”)
Southeast Supply Header, LLC (“SESH”)
Transcontinental Gas Pipe Line Company, LLC (“Transco 4A”)

This FERC Gas Tariff, on file with the Federal Energy Regulatory Commission, as amended or supplemented from time to time (“SGRM’s Tariff”), contains the Rates and Charges, Rate Schedules, General Terms and Conditions and Forms of Service Agreements applicable to open-access firm and Interruptible storage and hub services performed by SGRM.

Capitalized terms defined in various places in SGRM’s Tariff shall have the meanings ascribed to such terms when used throughout SGRM’s Tariff.

3.0 MAP OF SYSTEM

A map of the SGRM system is available at: www.gasnom.com/ip/southernpines/map

4.0 RATE STATEMENTS

4.1	FSS RATE STATEMENT	-	FIRM STORAGE SERVICE
4.2	SFS RATE STATEMENT	-	SECONDARY FIRM STORAGE SERVICE
4.3	ISS RATE STATEMENT	-	INTERRUPTIBLE STORAGE SERVICE
4.4	IP RATE STATEMENT	-	INTERRUPTIBLE PARKING SERVICE
4.5	IW RATE STATEMENT	-	INTERRUPTIBLE WHEELING SERVICE
4.6	IL RATE STATEMENT	-	INTERRUPTIBLE LOAN SERVICE
4.7	IB RATE STATEMENT	-	INTERRUPTIBLE BALANCING SERVICE

4.1 FSS RATE STATEMENT - FIRM STORAGE SERVICE

	RATE	UNITS
Firm Storage Reservation Charge	Market Based/ Negotiable	\$/Dth/Month
Firm Injection Reservation Charge	Market Based/ Negotiable	\$/Dth/Month
Firm Withdrawal Reservation Charge	Market Based/ Negotiable	\$/Dth/Month
Firm Storage Injection Charge	Market Based/ Negotiable	\$/Dth
Firm Storage Withdrawal Charge	Market Based/ Negotiable	\$/Dth
Authorized Injection Overrun Charge	Market Based/ Negotiable	\$/Dth
Authorized Withdrawal Overrun Charge	Market Based/ Negotiable	\$/Dth
Fuel Reimbursement	Market Based/ Negotiable	\$/Dth or in-kind %

In addition to the charges specified above, Customer shall pay all applicable taxes and charges set forth in the GT&C(s), Customer's FSSA and all applicable surcharges, including, but not limited to, ACA charges.

4.2 SFS RATE STATEMENT - SECONDARY FIRM STORAGE SERVICE

	RATE	UNITS
Secondary Firm Storage Reservation Charge	Market Based/ Negotiable	\$/Dth/Month
Secondary Firm Injection Reservation Charge	Market Based/ Negotiable	\$/Dth/Month
Secondary Firm Withdrawal Reservation Charge	Market Based/ Negotiable	\$/Dth/Month
Secondary Firm Storage Injection Charge	Market Based/ Negotiable	\$/Dth
Secondary Firm Storage Withdrawal Charge	Market Based/ Negotiable	\$/Dth
Authorized Injection Overrun Charge	Market Based/ Negotiable	\$/Dth
Authorized Withdrawal Overrun Charge	Market Based/ Negotiable	\$/Dth
Fuel Reimbursement	Market Based/ Negotiable	\$/Dth or in-kind %

In addition to the charges specified above, Customer shall pay all applicable taxes and charges set forth in the GT&C(s), Customer's SFSSA and all applicable surcharges, including, but not limited to, ACA charges.

4.3 ISS RATE STATEMENT - INTERRUPTIBLE STORAGE SERVICE

	RATE	UNITS
Interruptible Storage Inventory Charge	Market Based/ Negotiable	\$/Dth
Interruptible Storage Injection Charge	Market Based/ Negotiable	\$/Dth
Interruptible Storage Withdrawal Charge	Market Based/ Negotiable	\$/Dth
Fuel Reimbursement	Market Based/ Negotiable	\$/Dth and/or in-kind %

In addition to the charges specified above, Customer shall pay all applicable taxes set forth in the General Terms and Conditions of SGRM's Tariff and Customer's Interruptible Storage Service Agreement and all applicable surcharges, including, but not limited to, ACA charges.

4.4 IP RATE STATEMENT - INTERRUPTIBLE PARKING SERVICE

	RATE	UNITS
Interruptible Parking Charge	Market Based/ Negotiable	\$/Dth
Interruptible Parking Injection Charge	Market Based/ Negotiable	\$/Dth
Interruptible Parking Withdrawal Charge	Market Based/ Negotiable	\$/Dth
Fuel Reimbursement	Market Based/ Negotiable	\$/Dth and/or in-kind %

In addition to the charges specified above, Customer shall pay all applicable taxes set forth in the General Terms and Conditions of SGRM's Tariff and Customer's Interruptible Parking Service Agreement and all applicable surcharges, including, but not limited to, ACA charges.

4.5 IW RATE STATEMENT - INTERRUPTIBLE WHEELING SERVICE

	RATE	UNITS
Interruptible Wheeling Charge	Market Based/ Negotiable	\$/Dth
Fuel Reimbursement	Market Based/ Negotiable	\$/Dth and/or in-kind %

In addition to the charges specified above, Customer shall pay all applicable taxes set forth in the General Terms and Conditions of SGRM's Tariff and Customer's Hub Services Agreement and all applicable surcharges, including, but not limited to, ACA charges.

4.6 IL RATE STATEMENT - INTERRUPTIBLE LOAN SERVICE

	RATE	UNITS
Interruptible Loan Charge	Market Based/ Negotiable	\$/Dth
Interruptible Loan Injection Charge	Market Based/ Negotiable	\$/Dth
Interruptible Loan Withdrawal Charge	Market Based/ Negotiable	\$/Dth
Fuel Reimbursement	Market Based/ Negotiable	\$/Dth and/or in-kind %

In addition to the charges specified above, Customer shall pay all applicable taxes set forth in the General Terms and Conditions of SGRM's Tariff and Customer's Interruptible Loan Service Agreement and all applicable surcharges, including, but not limited to, ACA charges.

4.7 IB RATE STATEMENT - INTERRUPTIBLE BALANCING SERVICE

	RATE	UNITS
Interruptible Balancing Charge	Market Based/ Negotiable	\$/Dth
Interruptible Balancing Injection Charge	Market Based/ Negotiable	\$/Dth
Interruptible Balancing Withdrawal Charge	Market Based/ Negotiable	\$/Dth
Fuel Reimbursement	Market Based/ Negotiable	\$/Dth and/or in-kind %

In addition to the charges specified above, Customer shall pay all applicable taxes set forth in the General Terms and Conditions of SGRM's Tariff and Customer's Hub Services Agreement and all applicable surcharges, including, but not limited to, ACA charges.

5.0 RATE SCHEDULES

5.1	FSS RATE SCHEDULE	-	FIRM STORAGE SERVICE
5.2	SFS RATE SCHEDULE	-	SECONDARY FIRM STORAGE SERVICE
5.3	ISS RATE SCHEDULE	-	INTERRUPTIBLE STORAGE SERVICE
5.4	IP RATE SCHEDULE	-	INTERRUPTIBLE PARKING SERVICE
5.5	IW RATE SCHEDULE	-	INTERRUPTIBLE WHEELING SERVICE
5.6	IL RATE SCHEDULE	-	INTERRUPTIBLE LOAN SERVICE
5.7	IB RATE SCHEDULE	-	INTERRUPTIBLE BALANCING SERVICE

5.1 FSS RATE SCHEDULE - FIRM STORAGE SERVICE

1. AVAILABILITY

- 1.1 This Rate Schedule is available to any Customer for the purchase of firm storage service, provided that:
- (a) SGRM has determined that it has sufficient available storage, injection, withdrawal, receipt and delivery capacity, or SGRM is willing to develop capacity to provide the service Customer has requested;
 - (b) Customer and SGRM have entered into a FSSA under this Rate Schedule;
 - (c) Customer accepts responsibility for arranging any upstream or downstream transportation service required for utilization of the service provided under this Rate Schedule;
 - (d) Availability of service under this Rate Schedule shall be subject to a determination by SGRM that its performance of the service requested shall not cause a reduction in SGRM's ability to provide Firm Storage Service under currently effective firm Storage Service Agreements and that the service requested will not interfere with the efficient operation of SGRM's system; and
 - (e) Service under this Rate Schedule may not be available to the extent that SGRM would be required to construct, modify, expand or acquire any facilities to enable SGRM to perform the requested service.
- 1.2 Multiple entities may contract for service collectively as Customer through execution of a single FSSA under this Rate Schedule, and such entities may designate a party to act as their agent under a FSSA, provided the following conditions have been met:
- (a) The multiple entities seeking to be treated as Customer demonstrate to SGRM that they collectively will meet the FERC's "shipper must have title" requirement, as set forth in GT&C 12;
 - (b) The multiple entities seeking to be treated as Customer provide written notice to SGRM identifying the agent under a FSSA and stating that the agent is authorized to act on their behalf and that each of the multiple entities that seek to be treated as Customer under a FSSA is jointly and severally liable for all Customer's obligations under a FSSA; and
 - (c) The multiple entities seeking to be treated as Customer acknowledge and agree that they shall be treated collectively as one Customer for nomination, allocation and billing purposes.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all storage service rendered by SGRM to Customer pursuant to a FSSA.

2.1 Firm Storage Service under this Rate Schedule shall consist of the following:

- (a) The receipt on any Day of Customer's Gas, upon nomination and confirmation, at Customer's Point(s) of Receipt up to Customer's MDIQ, subject to Customer's MDRQ and injection ratchets, and the injection of Customer's Gas into storage, provided that Customer's FSS Storage Inventory has not exceeded Customer's MSQ;

- (b) The storage of Customer's Gas up to Customer's MSQ;
 - (c) The withdrawal from storage on any Day of Customer's Gas, upon nomination and confirmation, up to Customer's MDWQ, and subject to Customer's MDDQ and withdrawal ratchets, and the delivery of Customer's Gas to Customer's Point(s) of Delivery, provided that Customer has a quantity of Customer's Gas in Customer's FSS Storage Inventory not less than the quantity Customer nominated for withdrawal on such Day; and
 - (d) Customer's right to utilize Point(s) of Receipt and Point(s) of Delivery as primary points shall be stated in Customer's FSSA as a MDRQ and MDDQ applicable to each such point. SGRM and Customer may upon agreement include in Customer's FSSA the right to use, on a secondary basis, additional Point(s) of Receipt or Point(s) of Delivery, or a quantity at a primary point(s) in excess of MDRQ or MDDQ, subject to Customer's MDIQ and MDWQ.
- 2.2 Upon Customer's request for injection overrun service, SGRM may authorize, on an Interruptible basis, the injection of Customer's Gas in excess of Customer's MDRQ at a Point of Receipt or total injection in excess of Customer's MDIQ provided that (i) SGRM determines that it has sufficient available capacity; (ii) Customer's FSS Storage Inventory will not exceed Customer's MSQ; (iii) the receipt and injection of Customer's Gas into storage will not interfere with the efficient operation of SGRM's system; and (iv) the service requested shall not cause a reduction in SGRM's ability to meet higher priority obligations under currently effective Storage Service Agreements. Authorized injection overrun quantity shall be deemed to be AIO Gas.
- 2.3 Upon Customer's request for withdrawal overrun service, SGRM may authorize, on an Interruptible basis, the withdrawal of Customer's Gas in excess of Customer's MDDQ at a Point of Delivery or total withdrawal in excess of Customer's MDWQ provided that (i) SGRM determines that it has sufficient available capacity; (ii) Customer's FSS Storage Inventory will not become negative; (iii) the withdrawal and delivery of Customer's Gas from storage will not interfere with the efficient operation of SGRM's system; or (iv) the service requested shall not cause a reduction in SGRM's ability to meet higher priority obligations under currently effective Storage Service Agreements. Authorized withdrawal overrun quantity shall be deemed to be AWO Gas.

3. RATES AND CHARGES

Customer shall pay rates and charges for service under this Rate Schedule including the rate components as described below:

- (a) Firm Storage Reservation Charge. A Monthly charge for each Dth of Customer's MSQ, stated in Customer's FSSA.
- (b) Firm Injection Reservation Charge. A Monthly charge for each Dth of Customer's MDIQ, stated in Customer's FSSA.
- (c) Firm Withdrawal Reservation Charge. A Monthly charge for each Dth of Customer's MDWQ, stated in Customer's FSSA.
- (d) Firm Storage Injection Charge. A usage charge, stated in Customer's FSSA, for each Dth of Customer's Gas tendered for injection for each Day during a given Month.

- (e) Firm Storage Withdrawal Charge. A usage charge, stated in Customer's FSSA, for each Dth of Customer's Gas tendered for withdrawal for each Day during a given Month.
- (f) Authorized Injection Overrun Charge. In addition to the Firm Storage Injection Charge, a usage charge stated in Customer's FSSA for each Dth of AIO Gas for each Day during a given Month.
- (g) Authorized Withdrawal Overrun Charge. In addition to the Firm Storage Withdrawal Charge, a usage charge stated in Customer's FSSA for each Dth of AWO Gas for each Day during a given Month.
- (h) Fuel Reimbursement. A usage charge or an in-kind percentage, stated in Customer's FSSA, for each Dth of Gas tendered for injection or withdrawal for each Day during a given Month.
- (i) Regulatory Fees and Charges. Customer shall reimburse SGRM for all fees and charges, as required by FERC, or any federal, state or local governmental agency having jurisdiction that are related to service provided under this Rate Schedule.
- (j) Taxes. Customer shall either pay directly to the taxing authority or reimburse SGRM for all applicable taxes as may be assessed against SGRM, in accordance with GT&C 15.

4. INVOICE

Each invoice for service under this Rate Schedule shall reflect the applicable rates and charges set forth in SGRM's Tariff, FSS Rate Schedule and Customer's FSSA.

5. TERM

The term for service under this Rate Schedule shall be stated in Customer's FSSA.

6. AUTHORIZATION, RATES, TERMS AND CHANGES

6.1 The FSSA and the respective obligations of the Parties thereunder are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by the FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for SGRM to construct and operate the facilities necessary to provide the storage service contemplated herein and for any interconnected pipeline to transport Gas to the Point(s) of Receipt or from the Point(s) of Delivery.

6.2 SGRM shall have the right to propose to FERC or any other governing regulatory body changes in its rates, charges, and terms of service as it deems necessary, and Customer's FSSA shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Customer's right to protest the same, provided that any market-based rates negotiated between SGRM and Customer shall remain in effect during the term of Customer's FSSA.

7. EXPIRATION OF TERM

7.1 Except as provided for herein, upon expiration or termination of Customer's FSSA, title to any quantity of Customer's Gas remaining in Customer's FSS Storage Inventory shall automatically transfer to SGRM, free and clear of any adverse claims, and shall be sold pursuant to an auction held in accordance with GT&C 32.

7.2 If Customer was unable to withdraw Customer's Gas remaining in Customer's FSS Storage Inventory due to an interruption of Customer's withdrawal service by SGRM on any Day during the last ten (10) Days prior to expiration or termination, Customer shall be allowed to maintain title to the interrupted quantity as long as the interrupted quantity is withdrawn within a period of time equal to the period of interruption immediately after the contract has terminated or expired.

8. STORAGE RATCHETS

The MDIQ and MDWQ stated in Customer's FSSA may be subject to reduction based on the current level of Customer's FSS Storage Inventory.

Customer under this Rate Schedule must choose an injection and withdrawal ratchet from the options listed below. Subject to SGRM's determination that it has the capability to provide Customer's requested ratchets, Customer's election as to injection and withdrawal ratchets shall be stated in Customer's FSSA.

8.1 Injection ratchets: When Customer's FSS Storage Inventory reaches the levels set forth below, Customer's MDIQ will be multiplied by the following percentages to arrive at Customer's adjusted MDIQ.

	Level of MSQ	MDIQ Multiplier
1.	0% - 40%	100%
	Greater than 40% up to 63%	66.7%
	Greater than 63% up to 75%	33.3%
	Greater than 75% up to 87%	25%
	Greater than 87% up to 100%	17%
2.	0% - 40%	100%
	Greater than 40% up to 65%	50%
	Greater than 65% up to 100%	25%
3.	0% - 70%	100%
	Greater than 70% up to 100%	25%
4.	0% - 60%	100%
	Greater than 60% up to 80%	80%
	Greater than 80% up to 100%	60%
5.	0% - 80%	100%
	Greater than 80% up to 90%	80%
	Greater than 90% up to 100%	65%
6.	No Injection ratchets	

8.2 Withdrawal ratchets: When Customer's FSS Storage Inventory reaches the levels set forth below, Customer's MDWQ will be multiplied by the following percentages to arrive at Customer's adjusted MDWQ.

	Level of MSQ	MDWQ Multiplier
1.	100% - 30%	100%
	Less than 30% down to 0%	25%

2.	100% - 40%	100%
	Less than 40% down to 20%	75%
	Less than 20% down to 0%	50%
3.	100% - 20%	100%
	Less than 20% down to 10%	75%
	Less than 10% down to 0%	50%
4.	No Withdrawal ratchets	

9. GENERAL TERMS AND CONDITIONS

The GT&C(s), as amended or supplemented from time to time, are hereby incorporated by reference and made a part of this Rate Schedule and shall supplement the terms and conditions governing service rendered hereunder, as though stated herein. In the event of any inconsistency, the terms of this Rate Schedule shall control.

10. CHANGES TO RECEIPT AND DELIVERY POINTS

Customer shall have the right, at any time, to request changes in Customer's Point(s) of Receipt or Point(s) of Delivery, provided that SGRM shall not be required to grant Customer's request unless (i) SGRM determines that it has sufficient available capacity at the Point(s) of Receipt or Point(s) of Delivery to accommodate Customer's request; (ii) SGRM determines that the requested changes in Customer's Point(s) of Receipt or Point(s) of Delivery shall not cause a reduction in SGRM's ability to provide service under currently effective Firm Storage Service agreements; (iii) the service requested will not interfere with the efficient operation of SGRM's system; and (iv) Customer and SGRM agree to rates and charges based on Customer's requested changes.

5.2 SFS RATE SCHEDULE - SECONDARY FIRM STORAGE SERVICE

1. AVAILABILITY

- 1.1 This Rate Schedule is available to any Customer for the purchase of secondary firm storage service, provided that:
- (a) SGRM has determined that it has sufficient available storage, injection, withdrawal, receipt and delivery capacity, or SGRM is willing to develop capacity to provide the service Customer has requested;
 - (b) Customer and SGRM have entered into a SFSSA under this Rate Schedule;
 - (c) Customer accepts responsibility for arranging any upstream or downstream transportation service required for utilization of the service provided under this Rate Schedule;
 - (d) Availability of service under this Rate Schedule shall be subject to a determination by SGRM that its performance of the service requested shall not cause a reduction in SGRM's ability to provide higher priority services under currently effective firm Storage Service Agreements and that the service requested will not interfere with the efficient operation of SGRM's system; and
 - (e) Service under this Rate Schedule may not be available to the extent that SGRM would be required to construct, modify, expand or acquire any facilities to enable SGRM to perform the requested service.
- 1.2 Multiple entities may contract for service collectively as Customer through execution of a single SFSSA under this Rate Schedule, and such entities may designate a party to act as their agent under a SFSSA, provided the following conditions have been met:
- (a) The multiple entities seeking to be treated as Customer demonstrate to SGRM that they collectively will meet the FERC's "shipper must have title" requirement, as set forth in GT&C 12;
 - (b) The multiple entities seeking to be treated as Customer provide written notice to SGRM identifying the agent under a SFSSA and stating that the agent is authorized to act on their behalf and that each of the multiple entities that seek to be treated as Customer under a SFSSA is jointly and severally liable for all Customer's obligations under a SFSSA; and
 - (c) The multiple entities seeking to be treated as Customer acknowledge and agree that they shall be treated collectively as one Customer for nomination, allocation and billing purposes.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all storage service rendered by SGRM to Customer pursuant to a SFSSA.

2.1 Secondary Firm Storage Service under this Rate Schedule shall consist of the following:

- (a) The receipt on any Day of Customer's Gas, upon nomination and confirmation, at Customer's Point(s) of Receipt up to Customer's MDIQ, subject to Customer's MDRQ and injection ratchets, and the injection of Customer's Gas into storage, provided that Customer's SFS Storage Inventory has not exceeded Customer's MSQ;

- (b) The storage of Customer's Gas up to Customer's MSQ;
 - (c) The withdrawal from storage on any Day of Customer's Gas, upon nomination and confirmation, up to Customer's MDWQ, and subject to Customer's MDDQ and withdrawal ratchets, and the delivery of Customer's Gas to Customer's Point(s) of Delivery, provided that Customer has a quantity of Customer's Gas in Customer's SFS Storage Inventory not less than the quantity Customer nominated for withdrawal on such Day; and
 - (d) Customer's right to utilize Point(s) of Receipt and Point(s) of Delivery shall be stated in Customer's SFSSA as a MDRQ and MDDQ applicable to each such point.
- 2.2 Upon Customer's request for injection overrun service, SGRM may authorize, on an Interruptible basis, the injection of Customer's Gas in excess of Customer's MDRQ at a Point of Receipt or total injection in excess of Customer's MDIQ provided that (i) SGRM determines that it has sufficient available capacity; (ii) Customer's SFS Storage Inventory will not exceed Customer's MSQ; (iii) the receipt and injection of Customer's Gas into storage will not interfere with the efficient operation of SGRM's system; and (iv) the service requested shall not cause a reduction in SGRM's ability to meet higher priority obligations under currently effective Storage Service Agreements. Authorized injection overrun quantity shall be deemed to be AIO Gas.
- 2.3 Upon Customer's request for withdrawal overrun service, SGRM may authorize, on an Interruptible basis, the withdrawal of Customer's Gas in excess of Customer's MDDQ at a Point of Delivery or total withdrawal in excess of Customer's MDWQ provided that (i) SGRM determines that it has sufficient available capacity; (ii) Customer's SFS Storage Inventory will not become negative; (iii) the withdrawal and delivery of Customer's Gas from storage will not interfere with the efficient operation of SGRM's system; or (iv) the service requested shall not cause a reduction in SGRM's ability to meet higher priority obligations under currently effective Storage Service Agreements. Authorized withdrawal overrun quantity shall be deemed to be AWO Gas.
- 2.4 To the extent storage capacity that is being utilized by a secondary firm storage Customer hereunder is needed by SGRM in order to satisfy SGRM's higher priority obligations or to meet system needs, SGRM may in SGRM's reasonable judgement and upon giving notice to Customer, interrupt any or all services hereunder and SGRM shall require Customer to withdraw all, or any portion of, the SFS Storage Inventory held in storage by SGRM for the account of Customer as specified by SGRM. SGRM's notice will specify the quantity to be withdrawn and the date by which the withdrawal must be completed. Unless SGRM otherwise agrees, Customer shall be required to make ratable withdrawals.
- 2.5 If Customer fails to withdraw such SFS Storage Inventory from storage, at the agreed upon time as stated in Customer's SFSSA or fails to withdraw in accordance with SGRM's notice as set forth in Section 2.4 above, SGRM may take, free and clear of any adverse claims, title to such SFS Storage Inventory as Customer was instructed to withdraw and SGRM shall dispose of such Gas by auction and shall credit the net proceeds received from such auction in accordance with the provisions of GT&C 32.
- 2.6 Customer shall be permitted to combine the secondary firm injection, storage inventory and withdrawal of Gas under this Rate Schedule with firm injection, storage inventory and withdrawal of Gas under FSS Rate Schedule, provided however, such combined service shall be subject to GT&C 5, and provided further, that priority for each service shall be determined by the respective priority of that portion that is primary firm and that portion that is secondary firm.

3. RATES AND CHARGES

Customer shall pay rates and charges for service under this Rate Schedule including the rate components set forth in the SFS Rate Statement and as described below:

- (a) Secondary Firm Storage Reservation Charge. A Monthly charge for each Dth of Customer's MSQ, stated in Customer's SFSSA.
- (b) Secondary Firm Injection Reservation Charge. A Monthly charge for each Dth of Customer's MDIQ, stated in Customer's SFSSA.
- (c) Secondary Firm Withdrawal Reservation Charge. A Monthly charge for each Dth of Customer's MDWQ, stated in Customer's SFSSA.
- (d) Secondary Firm Storage Injection Charge. A usage charge, stated in Customer's SFSSA, for each Dth of Customer's Gas tendered for injection for each Day during a given Month.
- (e) Secondary Firm Storage Withdrawal Charge. A usage charge, stated in Customer's SFSSA, for each Dth of Customer's Gas tendered for withdrawal for each Day during a given Month.
- (f) Authorized Injection Overrun Charge. In addition to the Secondary Firm Storage Injection Charge, a usage charge stated in Customer's SFSSA for each Dth of AIO Gas for each Day during a given Month.
- (g) Authorized Withdrawal Overrun Charge. In addition to the Secondary Firm Storage Withdrawal Charge, a usage charge stated in Customer's SFSSA for each Dth of AWO Gas for each Day during a given Month.
- (h) Fuel Reimbursement. A usage charge or an in-kind percentage, stated in Customer's SFSSA, for each Dth of Gas tendered for injection or withdrawal for each Day during a given Month.
- (i) Regulatory Fees and Charges. Customer shall reimburse SGRM for all fees and charges, as required by FERC, or any federal, state or local governmental agency having jurisdiction that are related to service provided under this Rate Schedule.
- (j) Taxes. Customer shall either pay directly to the taxing authority or reimburse SGRM for all applicable taxes as may be assessed against SGRM, in accordance with GT&C 15.

4. INVOICE

Each invoice for service under this Rate Schedule shall reflect the applicable rates and charges set forth in SGRM's Tariff, SFS Rate Schedule and Customer's SFSSA.

5. TERM

The term for service under this Rate Schedule shall be stated in Customer's SFSSA.

6. AUTHORIZATION, RATES, TERMS AND CHANGES

- 6.1 The SFSSA and the respective obligations of the Parties thereunder are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by the FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for SGRM to construct and operate the facilities necessary

to provide the storage service contemplated herein and for any interconnected pipeline to transport Gas to the Point(s) of Receipt or from the Point(s) of Delivery.

- 6.2 SGRM shall have the right to propose to FERC or any other governing regulatory body changes in its rates, charges, and terms of service as it deems necessary, and Customer's SFSSA shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Customer's right to protest the same, provided that any market-based rates negotiated between SGRM and Customer shall remain in effect during the term of Customer's SFSSA.

7. EXPIRATION OF TERM

- 7.1 Except as provided for herein, upon expiration or termination of Customer's SFSSA, title to any quantity of Customer's Gas remaining in Customer's SFS Storage Inventory shall automatically transfer to SGRM, free and clear of any adverse claims, and shall be sold pursuant to an auction held in accordance with GT&C 32.
- 7.2 If Customer was unable to withdraw Customer's Gas remaining in Customer's SFS Storage Inventory due to an interruption of Customer's withdrawal service by SGRM on any Day during the last ten (10) Days prior to expiration or termination, Customer shall be allowed to maintain title to the interrupted quantity as long as the interrupted quantity is withdrawn within a period of time equal to the period of interruption immediately after the contract has terminated or expired.

8. STORAGE RATCHETS

The MDIQ and MDWQ stated in Customer's SFSSA may be subject to reduction based on the current level of Customer's SFS Storage Inventory.

Customer under this Rate Schedule must choose an injection and withdrawal ratchet from the options listed below. Subject to SGRM's determination that it has the capability to provide Customer's requested ratchets, Customer's election as to injection and withdrawal ratchets shall be stated in Customer's SFSSA.

- 8.1 Injection ratchets: When Customer's SFS Storage Inventory reaches the levels set forth below, Customer's MDIQ will be multiplied by the following percentages to arrive at Customer's adjusted MDIQ.

	Level of MSQ	MDIQ Multiplier
1.	0% - 40%	100%
	Greater than 40% up to 63%	66.7%
	Greater than 63% up to 75%	33.3%
	Greater than 75% up to 87%	25%
	Greater than 87% up to 100%	17%
2.	0% - 40%	100%
	Greater than 40% up to 65%	50%
	Greater than 65% up to 100%	25%
3.	0% - 70%	100%
	Greater than 70% up to 100%	25%
4.	0% - 60%	100%
	Greater than 60% up to 80%	80%
	Greater than 80% up to 100%	60%

5.	0% - 80%	100%
	Greater than 80% up to 90%	80%
	Greater than 90% up to 100%	65%

6. No Injection ratchets

8.2 Withdrawal ratchets: When Customer's SFS Storage Inventory reaches the levels set forth below, Customer's MDWQ will be multiplied by the following percentages to arrive at Customer's adjusted MDWQ.

	Level of MSQ	MDWQ Multiplier
1.	100% - 30%	100%
	Less than 30% down to 0%	25%
2.	100% - 40%	100%
	Less than 40% down to 20%	75%
	Less than 20% down to 0%	50%
3.	100% - 20%	100%
	Less than 20% down to 10%	75%
	Less than 10% down to 0%	50%

4. No Withdrawal ratchets

9. GENERAL TERMS AND CONDITIONS

The GT&C(s), as amended or supplemented from time to time, are hereby incorporated by reference and made a part of this Rate Schedule and shall supplement the terms and conditions governing service rendered hereunder, as though stated herein. In the event of any inconsistency, the terms of this Rate Schedule shall control.

10. CHANGES TO RECEIPT AND DELIVERY POINTS

Customer shall have the right, at any time, to request changes in Customer's Point(s) of Receipt or Point(s) of Delivery, provided that SGRM shall not be required to grant Customer's request unless (i) SGRM determines that it has sufficient available capacity at the Point(s) of Receipt or Point(s) of Delivery to accommodate Customer's request; (ii) SGRM determines that the requested changes in Customer's Point(s) of Receipt or Point(s) of Delivery shall not cause a reduction in SGRM's ability to provide service under currently effective Firm Storage Service agreements; (iii) the service requested will not interfere with the efficient operation of SGRM's system; and (iv) Customer and SGRM agree to rates and charges based on Customer's requested changes.

5.3 ISS RATE SCHEDULE - INTERRUPTIBLE STORAGE SERVICE

1. AVAILABILITY

1.1 This Rate Schedule is available to any Customer for the purchase of Interruptible storage service from SGRM, provided that:

- (a) SGRM has determined that it has sufficient operationally available Interruptible storage, injection, withdrawal, receipt and delivery capacity to perform the service Customer has requested;
- (b) Customer and SGRM have entered into an Interruptible Storage Service Agreement under this Rate Schedule;
- (c) Customer accepts responsibility for arranging any upstream and/or downstream transportation service required for utilization of the service provided under this Rate Schedule;
- (d) Availability of service under this Rate Schedule shall be subject to a determination by SGRM that SGRM's performance of the service requested hereunder shall not cause a reduction in SGRM's ability to provide higher priority services under currently effective Storage Service Agreements and that the services requested will not interfere with the efficient operation of SGRM's system; and
- (e) Service under this Rate Schedule may not be available to the extent that SGRM would be required to construct, modify, expand or acquire any facilities to enable SGRM to perform the requested services.

1.2 Multiple entities may contract for service collectively as the Customer through execution of a single Interruptible Storage Service Agreement under this Rate Schedule, and such entities may designate a party to act as their agent under an Interruptible Storage Service Agreement, provided the following conditions have been met:

- (a) The multiple entities seeking to be treated as a Customer demonstrate to SGRM that they collectively will meet the Federal Energy Regulatory Commission's "shipper must have title" requirement, as set forth in GT&C 12;
- (b) The multiple entities seeking to be treated as a Customer provide written notice to SGRM identifying the agent under an Interruptible Storage Service Agreement and stating that the agent is authorized to act on their behalf and that each of the multiple entities which seek to be treated as a Customer under an Interruptible Storage Service Agreement is jointly and severally liable for all Customer's obligations under an Interruptible Storage Service Agreement; and
- (c) The multiple entities seeking to be treated as a Customer acknowledge and agree that they shall be treated collectively as one Customer for nomination, allocation and billing purposes.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all Interruptible storage service rendered by SGRM to Customer pursuant to an Interruptible Storage Service Agreement.

- 2.1 Interruptible storage service rendered to Customer under this Rate Schedule shall consist of the following:
- (a) The receipt on any Day of Customer's Gas, upon nomination and confirmation, up to Customer's Maximum Daily Injection Quantity ("MDIQ"), as stated in Customer's Interruptible Storage Service Agreement, plus Fuel Reimbursement, at the Point(s) of Receipt and the injection of Gas so received into storage, provided that all higher priority injections have been satisfied and Customer's Storage Inventory has not exceeded Customer's Maximum Storage Quantity ("MSQ"), as set forth in Customer's Interruptible Storage Service Agreement;
 - (b) The storage of Gas in amounts up to Customer's MSQ, as stated in Customer's Interruptible Storage Service Agreement, provided that all higher priority requests for storage have been satisfied; and
 - (c) The withdrawal from storage on any Day of Customer's Gas, upon nomination and confirmation, up to Customer's Maximum Daily Withdrawal Quantity ("MDWQ"), as stated in Customer's Interruptible Storage Service Agreement, and the delivery of such Gas to the Point(s) of Delivery, provided that all higher priority withdrawals have been satisfied and Customer has a quantity of Gas in Customer's ISS Storage Inventory account not less than the quantity Customer shall have nominated for withdrawal on such Day.
- 2.2 To the extent storage capacity which is being utilized by an Interruptible Customer hereunder is needed by SGRM in order to satisfy SGRM's higher priority obligations or to meet system needs, SGRM may at SGRM's reasonable judgment and upon giving notice to Customer, interrupt the continuation of any or all services hereunder and SGRM shall require Customer to withdraw all, or any portion of, the ISS Storage Inventory held in storage by SGRM for the account of Customer as specified by SGRM. SGRM's notice will specify the quantity required to be withdrawn and the date by which the withdrawal must be completed. Unless SGRM otherwise agrees, Customer shall be required to make ratable withdrawals.
- 2.3 If Customer fails to withdraw such ISS Storage Inventory from storage, at the agreed upon time as stated in Customer's Interruptible Storage Service Agreement or fails to withdraw in accordance with SGRM's notice as set forth in Section 2.2 above, SGRM may take, free and clear of any adverse claims, title to such ISS Storage Inventory as Customer was instructed to withdraw and SGRM shall dispose of such Gas by auction and shall credit the net proceeds received from such auction in accordance with the provisions of GT&C 32.

3. RATES AND CHARGES

Customer shall pay rates and charges for service under this Rate Schedule including the rate components set forth in the ISS Rate Statement and as described below:

- (a) **Interruptible Storage Inventory Charge.** A usage charge for each Dth of Gas in Customer's ISS Storage Inventory pursuant to Section 2.1(b) of this Rate Schedule at the end of each Day, for each Day during a given Month, as set forth in Customer's Interruptible Storage Service Agreement.
- (b) **Interruptible Storage Injection Charge.** A usage charge for each Dth of Customer's Gas tendered for injection pursuant to Section 2.1(a) of this Rate Schedule for each Day in a given Month, as set forth in Customer's Interruptible Storage Service Agreement.

- (c) Interruptible Storage Withdrawal Charge. A usage charge for each Dth of Customer's Gas withdrawn pursuant to Section 2.1(c) of this Rate Schedule for each Day in a given Month, as set forth in Customer's Interruptible Storage Service Agreement.
- (d) Fuel Reimbursement. The amount of Gas for fuel and losses determined in accordance with GT&C 19, as set forth in Customer's Interruptible Storage Service Agreement as a usage charge per Dth and/or an in-kind percentage.
- (e) Regulatory Fees and Charges. Customer shall reimburse SGRM for all fees and charges, as required by the Commission or any other regulatory body, that are related to service provided under this Rate Schedule, as set forth in Customer's Interruptible Storage Service Agreement.
- (f) Taxes. Customer shall either pay directly to the taxing authority or reimburse SGRM for all applicable taxes as may be assessed against SGRM, in accordance with GT&C 15 and set forth in Customer's Interruptible Storage Service Agreement.

4. INVOICE

Each invoice for service under this Rate Schedule shall reflect the applicable charges set forth under Section 3 of this Rate Schedule, at the rates and terms set forth in Customer's Interruptible Storage Service Agreement.

5. TERM

The term for service under this Rate Schedule shall be set forth in Customer's Interruptible Storage Service Agreement.

6. AUTHORIZATION, RATES, TERMS AND CHANGES

6.1 Customer's Interruptible Storage Service Agreement and the respective obligations of the parties hereunder are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for SGRM to provide the storage service contemplated hereby and to construct and operate the facilities necessary to provide such service and for any connected pipeline to deliver Gas to the Point(s) of Receipt and/or receive Gas from the Point(s) of Delivery necessary to effect the service provided for herein.

6.2 SGRM shall have the right to propose to FERC or any other governing regulatory body such changes in its rates and terms of service as it deems necessary, and Customer's Interruptible Storage Service Agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Customer's right to protest the same; provided however, that any market-based rates negotiated between SGRM and its Customer(s) shall remain in effect during the term of Customer's Interruptible Storage Service Agreement.

7. EXPIRATION OF TERM

7.1 Upon expiration without renewal or upon termination of Customer's Interruptible Storage Service Agreement, title to any quantity of Customer's Gas remaining in Customer's ISS Storage Inventory account shall automatically transfer to SGRM, free and clear of any adverse claims, and shall be sold pursuant to an auction held in accordance with GT&C 32. However, if Customer was unable to withdraw Customer's Gas remaining in Customer's ISS Storage Inventory account due to an

interruption of Customer's withdrawal service by SGRM during the last ten (10) Days before termination, Customer shall be allowed to withdraw the quantity of Gas remaining in Customer's ISS Storage Inventory account within a reasonable period following the end of the contract term.

- 7.2 Payment for the remaining quantities of Gas shall appear as a credit on the last statement rendered by SGRM to Customer. To the extent that the credit exceeds the total charges in the statement, the difference shall be paid by SGRM to Customer on or before the 25th day of the Month following the Month of such expiration or termination.

8. GENERAL TERMS AND CONDITIONS

Applicable provisions of the General Terms and Conditions of SGRM's Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this ISS Rate Schedule, where applicable, and shall supplement the terms and conditions governing service rendered hereunder, as though stated herein; provided, however, that in the event of any inconsistency, the terms of this ISS Rate Schedule shall control.

5.4 IP RATE SCHEDULE - INTERRUPTIBLE PARKING SERVICE

1. AVAILABILITY

- 1.1 This Rate Schedule is available to any Customer for the purchase of Interruptible parking service from SGRM, provided that:
- (a) SGRM has determined that it has sufficient operationally available Interruptible storage, injection, withdrawal, receipt and delivery capacity to perform the service Customer has requested;
 - (b) Customer and SGRM have entered into an Interruptible Parking Service Agreement under this Rate Schedule;
 - (c) Customer accepts responsibility for arranging any upstream and/or downstream transportation service required for utilization of the service provided under this Rate Schedule;
 - (d) Availability of service under this Rate Schedule shall be subject to a determination by SGRM that SGRM's performance of the service requested hereunder shall not cause a reduction in SGRM's ability to provide higher priority services under currently effective Storage Service Agreements and that the services requested will not interfere with the efficient operation of SGRM's system; and
 - (e) Service under this Rate Schedule may not be available to the extent that SGRM would be required to construct, modify, expand or acquire any facilities to enable SGRM to perform the requested services.
- 1.2 Multiple entities may contract for service collectively as the Customer through execution of an Interruptible Parking Service Agreement under this Rate Schedule, and such entities may designate a party to act as their agent under an Interruptible Parking Storage Service Agreement, provided the following conditions have been met:
- (a) The multiple entities seeking to be treated as a Customer demonstrate to SGRM that they collectively will meet the Federal Energy Regulatory Commission's "shipper must have title" requirement, as set forth in GT&C 12;
 - (b) The multiple entities seeking to be treated as a Customer provide written notice to SGRM identifying the agent under an Interruptible Parking Service Agreement and stating that the agent is authorized to act on their behalf and that each of the multiple entities which seek to be treated as a Customer under an Interruptible Parking Service Agreement is jointly and severally liable for all Customer's obligations under an Interruptible Parking Service Agreement; and
 - (c) The multiple entities seeking to be treated as a Customer acknowledge and agree that they shall be treated collectively as one Customer for nomination, allocation and billing purposes.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all Interruptible parking service rendered by SGRM to Customer pursuant to an Interruptible Parking Service Agreement.

- 2.1 Interruptible parking service rendered by SGRM to Customer under this Rate Schedule shall consist of the following:
- (a) The receipt on any Day during the period for injection (“Injection Period”), as stated in Customer’s Interruptible Parking Service Agreement, and injection into storage of Customer’s Gas, upon nomination and confirmation, up to the Maximum Daily Injection Quantity (“MDIQ”) stated in Customer’s Interruptible Parking Service Agreement, provided that all higher priority injections have been satisfied and Customer delivers the nominated and confirmed quantity plus Fuel Reimbursement to the Point(s) of Receipt, and Customer’s Park Balance has not exceeded Customer’s Maximum Park Quantity (“MPQ”), as stated in Customer’s Interruptible Parking Service Agreement;
 - (b) The tender by Customer of sufficient quantities of Gas under Section 2.1(a) of this Rate Schedule to ensure that Customer’s Interruptible Park Balance equals Customer’s MPQ at the end of the Injection Period;
 - (c) The storage of Gas in amounts up to Customer’s MPQ, as set forth in Customer’s Interruptible Parking Service Agreement, provided that all higher priority storage services have been satisfied;
 - (d) The withdrawal from storage on any Day during the period of withdrawal (“Withdrawal Period”), as set forth in Customer’s Interruptible Parking Service Agreement, and delivery of Customer’s Gas, upon nomination and confirmation, to the Point(s) of Delivery up to the Maximum Daily Withdrawal Quantity (“MDWQ”), as stated in Customer’s Interruptible Parking Service Agreement, provided that all higher priority withdrawals have been satisfied, and that Customer has a quantity of Gas in Customer’s Park Balance account not less than the quantity Customer shall have nominated for withdrawal on such Day; and
 - (e) The withdrawal by Customer of sufficient quantities of Gas under Section 2.1(d) of this Rate Schedule to ensure that Customer’s Park Balance equals zero (0) at the end of the Withdrawal Period.

Unless otherwise requested to do so by SGRM, Customer shall not have the right to inject or withdraw Gas during the period of time between the Injection Period and the Withdrawal Period.

- 2.2 To the extent storage capacity which is being utilized by an Interruptible Customer hereunder is needed by SGRM in order to satisfy SGRM’s higher priority obligations or to meet system needs, SGRM may, at SGRM’s reasonable judgment and upon giving notice to Customer, interrupt the continuation of any or all services hereunder and SGRM shall require Customer to withdraw all, or any portion of, the Interruptible Park Gas quantities held in storage by SGRM for the account of Customer, as specified by SGRM. SGRM’s notice will specify the quantity required to be withdrawn and the date by which the withdrawal must be completed. Unless SGRM otherwise agrees, Customer shall be required to make ratable withdrawals.
- 2.3 If Customer fails to withdraw such Interruptible Park Gas quantities from storage, at the agreed upon time as stated in Customer’s Interruptible Parking Service Agreement or fails to withdraw in accordance with SGRM’s notice as set forth in Section 2.2 above, SGRM may take, free and clear of any adverse claims, title to such Interruptible Park Gas quantities as Customer was instructed to withdraw and SGRM shall dispose of such Gas by auction and shall credit the net proceeds received from such auction in accordance with the provisions of GT&C 32.

3. RATES AND CHARGES

Customer shall pay rates and charges for service under this Rate Schedule including the rate components set forth in the IP Rate Statement and as described below:

- (a) **Interruptible Parking Charge.** A charge for each Dth of Gas in Customer's Park Balance account at the end of each Day, for each Day during a given Month, as set forth in Customer's Interruptible Parking Service Agreement.
- (b) **Interruptible Parking Injection Charge.** A usage charge for each Dth of Customer's Gas tendered for injection pursuant to Section 2.1(a) of this Rate Schedule during a given Month, as set forth in Customer's Interruptible Parking Service Agreement.
- (c) **Interruptible Parking Withdrawal Charge.** A usage charge for each Dth of Customer's Gas withdrawn pursuant to Section 2.1(d) of this Rate Schedule during a given Month, as set forth in Customer's Interruptible Parking Service Agreement.
- (d) **Fuel Reimbursement.** The amount of Gas for fuel and losses determined in accordance with GT&C 19, as set forth in Customer's Interruptible Parking Service Agreement as a usage charge per Dth and/or an in-kind percentage.
- (e) **Regulatory Fees and Charges.** Customer shall reimburse SGRM for all fees and charges, as required by the Commission or any other regulatory body, that are related to service provided under this Rate Schedule, as set forth in Customer's Interruptible Parking Service Agreement.
- (f) **Taxes.** Customer shall either pay directly to the taxing authority or reimburse SGRM for all applicable taxes as may be assessed against SGRM, in accordance with GT&C 15 and set forth in Customer's Interruptible Parking Service Agreement.

4. INVOICE

Each invoice for service under this Rate Schedule shall reflect the applicable charges set forth under Section 3 of this Rate Schedule, at the rates and terms set forth in Customer's Interruptible Parking Service Agreement.

5. TERM

The term for service under this Rate Schedule shall be set forth in Customer's Interruptible Parking Service Agreement.

6. AUTHORIZATION, RATES, TERMS AND CHANGES

6.1 Customer's Interruptible Parking Service Agreement and the respective obligations of the parties hereunder are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for SGRM to provide the parking service contemplated hereby and to construct and operate the facilities necessary to provide such parking service and for any connected pipeline to deliver Gas to the Point(s) of Receipt and/or receive Gas from the Point(s) of Delivery necessary to effect the parking service provided for herein.

6.2 SGRM shall have the right to propose to FERC or any other governing regulatory body such changes in its rates and terms of service as it deems necessary, and Customer's Interruptible

Parking Service Agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Customer's right to protest the same; provided, however, that any market-based rates negotiated between SGRM and its Customer(s) shall remain in effect during the term of Customer's Interruptible Parking Service Agreement.

7. EXPIRATION OF TERM

7.1 Upon expiration without renewal or upon termination of Customer's Interruptible Parking Service Agreement, title to any quantity of Customer's Gas remaining in Customer's Park Balance account shall automatically transfer to SGRM, free and clear of any adverse claims, and shall be sold pursuant to an auction held in accordance with GT&C 32. However, if Customer was unable to withdraw Customer's Gas remaining in Customer's Park Balance account due to an interruption of Customer's withdrawal service by SGRM during the last ten (10) Days before termination, Customer shall be allowed to withdraw the quantity of Gas remaining in Customer's Park Balance account within a reasonable period following the end of the contract term.

7.2 Payment for the remaining quantities of Gas shall appear as a credit on the last statement rendered by SGRM to Customer. To the extent that the credit exceeds the total charges in the statement, the difference shall be paid by SGRM to Customer on or before the 25th day of the Month following the Month of such expiration or termination.

8. GENERAL TERMS AND CONDITIONS

Applicable provisions of the General Terms and Conditions of SGRM's Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this IP Rate Schedule, where applicable, and shall supplement the terms and conditions governing service rendered hereunder, as though stated herein; provided, however, that in the event of any inconsistency, the terms of this IP Rate Schedule shall control.

5.5 IW RATE SCHEDULE - INTERRUPTIBLE WHEELING SERVICE

1. AVAILABILITY

- 1.1 This Rate Schedule is available to any Customer for the purchase of Interruptible wheeling service from SGRM, provided that:
- (a) SGRM has determined that it has sufficient operationally available receipt and delivery capacity to perform the service Customer has requested;
 - (b) Customer and SGRM have entered into a Hub Services Agreement under this Rate Schedule;
 - (c) Customer accepts responsibility for arranging any upstream and/or downstream transportation service required for utilization of the service provided under this Rate Schedule;
 - (d) Availability of service under this Rate Schedule shall be subject to a determination by SGRM that SGRM's performance of the service requested hereunder shall not cause a reduction in SGRM's ability to provide higher priority services under currently effective Storage Service Agreements and that the services requested will not interfere with the efficient operation of SGRM's system; and
 - (e) Service under this Rate Schedule may not be available to the extent that SGRM would be required to construct, modify, expand or acquire any facilities to enable SGRM to perform the requested services.
- 1.2 Multiple entities may contract for service collectively as the Customer through execution of a single Hub Services Agreement under this Rate Schedule, and such entities may designate a party to act as their agent under a Hub Services Agreement, provided the following conditions have been met:
- (a) The multiple entities seeking to be treated as a Customer demonstrate to SGRM that they collectively will meet the Federal Energy Regulatory Commission's "shipper must have title" requirement, as set forth in GT&C 12;
 - (b) The multiple entities seeking to be treated as a Customer provide written notice to SGRM identifying the agent under a Hub Services Agreement and stating that the agent is authorized to act on their behalf and that each of the multiple entities which seek to be treated as a Customer under a Hub Services Agreement is jointly and severally liable for all Customer's obligations under a Hub Services Agreement; and
 - (c) The multiple entities seeking to be treated as a Customer acknowledge and agree that they shall be treated collectively as one Customer for nomination, allocation and billing purposes.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all Interruptible wheeling service rendered by SGRM to Customer pursuant to a Hub Services Agreement.

- 2.1 Interruptible wheeling service rendered by SGRM to Customer under this Rate Schedule shall consist of the wheeling of Gas by SGRM for Customer between the Point(s) of Receipt and Point(s) of Delivery, as set forth in Customer's Hub Services Agreement.

2.2 SGRM shall receive for Customer at Point(s) of Receipt and shall deliver at the Point(s) of Delivery, less Fuel Reimbursement, daily quantities of Gas up to the Maximum Daily Wheeling Quantity (“MDTQ”), as specified in Customer’s Hub Services Agreement; provided, however, SGRM shall not be obligated to receive and/or deliver quantities of Gas on any Day in excess of the quantity nominated and scheduled for that Day. Interruptible wheeling service shall be available only in the event that all higher priority services have been scheduled and system needs have been met.

3. RATES AND CHARGES

Customer shall pay the rates and charges for service under this Rate Schedule including the rate components set forth in the IW Rate Statement and as described below:

- (a) Interruptible Wheeling Charge. A usage charge for each Dth of Customer’s Gas wheeled by SGRM on any Day up to and including Customer’s MDTQ, as set forth in Customer’s Hub Services Agreement.
- (b) Fuel Reimbursement. The amount of Gas for fuel and losses determined in accordance with GT&C 19, as set forth in Customer’s Hub Services Agreement as a usage charge per Dth and/or an in-kind percentage.
- (c) Regulatory Fees and Charges. Customer shall reimburse SGRM for all fees and charges, as required by the Commission or any other regulatory body, that are related to service provided under this Rate Schedule, as set forth in Customer’s Hub Services Agreement.
- (d) Taxes. Customer shall either pay directly to the taxing authority or reimburse SGRM for all applicable taxes as may be assessed against SGRM, in accordance with GT&C 15 and set forth in Customer’s Hub Services Agreement.

4. INVOICE

Each invoice for service under this Rate Schedule shall reflect the applicable charges set forth under Section 3 of this Rate Schedule, at the rates and terms set forth in Customer’s Hub Services Agreement.

5. TERM

The term for service under this Rate Schedule shall be set forth in Customer’s Hub Services Agreement.

6. AUTHORIZATION, RATES, TERMS AND CHANGES

- 6.1 Customer’s Hub Services Agreement and the respective obligations of the parties hereunder are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, are conditioned upon the issuance, by FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for SGRM to provide the wheeling service contemplated hereby and to construct and operate facilities necessary to provide such wheeling service and for any connected pipeline to deliver Gas to the Point(s) of Receipt and/or receive Gas from the Point(s) of Delivery necessary to effect the wheeling service provided for herein.
- 6.2 SGRM shall have the right to propose to FERC or any other governing regulatory body such changes in its rates and terms of service as it deems necessary, and Customer’s Hub Services Agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Customer’s right to protest the same;

provided, however, that any market-based rates negotiated between SGRM and its Customer(s) shall remain in effect during the term of Customer's Hub Services Agreement.

7. GENERAL TERMS AND CONDITIONS

Applicable provisions of the General Terms and Conditions of SGRM's Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this IW Rate Schedule, where applicable, and shall supplement the terms and conditions governing service rendered hereunder, as though stated herein; provided, however, that in the event of any inconsistency, the terms of this IW Rate Schedule shall control.

5.6 IL RATE SCHEDULE - INTERRUPTIBLE LOAN SERVICE

1. AVAILABILITY

- 1.1 This Rate Schedule is available to any Customer for the purchase of Interruptible loan service from SGRM, provided that:
- (a) SGRM has determined that it has sufficient operationally available storage, injection, withdrawal, receipt and delivery capacity to perform the service Customer has requested;
 - (b) Customer and SGRM have entered into an Interruptible Loan Service Agreement under this Rate Schedule;
 - (c) Customer accepts responsibility for arranging any upstream and/or downstream transportation service required for utilization of the service provided under this Rate Schedule;
 - (d) Availability of service under this Rate Schedule shall be subject to a determination by SGRM that SGRM's performance of the service requested hereunder shall not cause a reduction in SGRM's ability to provide higher priority services under currently effective Storage Service Agreements and that the services requested will not interfere with the efficient operation of SGRM's system; and
 - (e) Service under this Rate Schedule may not be available to the extent that SGRM would be required to construct, modify, expand or acquire any facilities to enable SGRM to perform the requested services.
- 1.2 Multiple entities may contract for service collectively as the Customer through execution of a single Interruptible Loan Service Agreement under this Rate Schedule, and such entities may designate a party to act as their agent under an Interruptible Loan Service Agreement, provided the following conditions have been met:
- (a) The multiple entities seeking to be treated as a Customer demonstrate to SGRM that they collectively will meet the Federal Energy Regulatory Commission's "shipper must have title" requirement, as set forth in GT&C 12;
 - (b) The multiple entities seeking to be treated as a Customer provide written notice to SGRM identifying the agent under an Interruptible Loan Service Agreement and stating that the agent is authorized to act on their behalf and that each of the multiple entities which seek to be treated as a Customer under an Interruptible Loan Service Agreement is jointly and severally liable for all Customer's obligations under an Interruptible Loan Service Agreement; and
 - (c) The multiple entities seeking to be treated as a Customer acknowledge and agree that they shall be treated collectively as one Customer for nomination, allocation and billing purposes.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all Interruptible loan service rendered by SGRM to Customer pursuant to an Interruptible Loan Service Agreement.

- 2.1 Interruptible loan service rendered by SGRM to Customer under this Rate Schedule shall consist of the following:

- (a) The withdrawal from storage on any Day during the period for withdrawal (“Withdrawal Period”), as stated in Customer’s Interruptible Loan Service Agreement, and delivery of Gas, upon nomination and confirmation, to the Point(s) of Delivery, up to the Maximum Daily Withdrawal Quantity (“MDWQ”), as stated in Customer’s Interruptible Loan Service Agreement, provided that Customer’s total withdrawals shall not exceed Customer’s Maximum Loan Quantity (“MLQ”), as stated in Customer’s Interruptible Loan Service Agreement, provided that all higher priority service nominations for withdrawal have been satisfied and system needs have been met;
- (b) The withdrawal by Customer of sufficient quantities of Gas under Section 2.1(a) of this Rate Schedule to ensure that Customer’s Interruptible Loan Balance equals Customer’s MLQ at the end of the Withdrawal Period;
- (c) The receipt on any Day during the period for injection (“Injection Period”), as stated in Customer’s Interruptible Loan Service Agreement, and injection into storage of Gas, upon nomination and confirmation, up to the Maximum Daily Injection Quantity (“MDIQ”), as stated in Customer’s Interruptible Loan Service Agreement, provided that Customer delivers the nominated and confirmed quantity plus Fuel Reimbursement to the Point(s) of Receipt, and Customer’s total injections may not exceed Customer’s MLQ, as stated in Customer’s Interruptible Loan Service Agreement, provided that all higher priority service nominations for injection have been satisfied and system needs have been met; and
- (d) The tender by Customer of sufficient quantities of Gas under Section 2.1(c) of this Rate Schedule to ensure that Customer’s Loan Balance equals zero (0) at the end of the Injection Period.

Unless otherwise requested to do so by SGRM, Customer shall not have the right to inject or withdraw Gas during the period of time between the Withdrawal Period and the Injection Period.

- 2.2 To the extent Gas which is advanced to an Interruptible Customer hereunder is needed by SGRM in order to satisfy SGRM’s higher priority obligations or to meet system needs, SGRM may, at SGRM’s reasonable judgment and upon giving notice to Customer, interrupt the continuation of any or all services hereunder and SGRM shall require Customer to replace all, or any portion, of the Interruptible Loan Gas quantities borrowed by Customer, as specified by SGRM. SGRM’s notice will specify the quantity required to be returned and the date by which the injection must be completed. Unless SGRM otherwise agrees, Customer shall be required to make ratable injections.
- 2.3 If Customer fails to inject quantities of Gas to replace Gas advanced by SGRM to Customer under this Rate Schedule at the agreed upon time as stated in Customer’s Interruptible Loan Service Agreement or fails to inject in accordance with SGRM’s notice as set forth in Section 2.2 above, SGRM may purchase replacement Gas and Customer shall pay SGRM the cost of the replacement Gas, which shall include the cost of replacement Gas and any costs or penalties incurred by SGRM or its Customers as a result of Customer’s failure to deliver replacement Gas, plus all other costs incurred by SGRM to secure such replacement Gas, including, but not limited to, third-party marketing fees, transportation by third-party pipeline companies, and all other costs for securing replacement Gas.

3. RATES AND CHARGES

Customer shall pay the rates and charges for service under this Rate Schedule including the rate components set forth in the IL Rate Statement and as described below:

- (a) **Interruptible Loan Charge.** A charge for each Dth of Gas in Customer's Loan Balance account at the end of each Day, for each Day during a given Month, as set forth in Customer's Interruptible Loan Service Agreement.
- (b) **Interruptible Loan Injection Charge.** A usage charge for each Dth of Gas tendered for injection pursuant to Section 2.1(c) of this Rate Schedule, as set forth in Customer's Interruptible Loan Service Agreement.
- (c) **Interruptible Loan Withdrawal Charge.** A usage charge for each Dth of Gas withdrawn pursuant to Section 2.1(a) of this Rate Schedule, as set forth in Customer's Interruptible Loan Service Agreement.
- (d) **Fuel Reimbursement.** The amount of Gas for fuel and losses determined in accordance with GT&C 19, as set forth in Customer's Interruptible Loan Service Agreement as a usage charge per Dth and/or an in-kind percentage.
- (e) **Regulatory Fees and Charges.** Customer shall reimburse SGRM for all fees and charges, as required by the Commission or any other regulatory body, that are related to service provided under this Rate Schedule, as set forth in Customer's Interruptible Loan Service Agreement.
- (f) **Taxes.** Customer shall either pay directly to the taxing authority or reimburse SGRM for all applicable taxes as may be assessed against SGRM, in accordance with GT&C 15 and set forth in Customer's Interruptible Loan Service Agreement.

4. INVOICE

Each invoice for service under this Rate Schedule shall reflect the applicable charges set forth under Section 3 of this Rate Schedule, at the rates and terms set forth in Customer's Interruptible Loan Service Agreement.

5. TERM

The term for service under this Rate Schedule shall be set forth in Customer's Interruptible Loan Service Agreement.

6. AUTHORIZATION, RATES, TERMS AND CHANGES

- 6.1 Customer's Interruptible Loan Service Agreement and the respective obligations of the parties hereunder are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for SGRM to provide the loan service contemplated hereby and to construct and operate facilities necessary to provide such loan service and for any connected pipeline to deliver Gas to the Point(s) of Receipt and/or receive Gas from the Point(s) of Delivery necessary to effect the loan service provided for herein.
- 6.2 SGRM shall have the right to propose to FERC or any other governing regulatory body such changes in its rates and terms of service as it deems necessary, and Customer's Interruptible Loan Service Agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Customer's right to protest the same;

provided, however, that any market-based rates negotiated between SGRM and its Customer(s) shall remain in effect during the term of Customer's Interruptible Loan Service Agreement.

7. GENERAL TERMS AND CONDITIONS

Applicable provisions of the General Terms and Conditions of SGRM's Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this IL Rate Schedule, where applicable, and shall supplement the terms and conditions governing service rendered hereunder, as though stated herein; provided, however, that in the event of any inconsistency, the terms of this IL Rate Schedule shall control.

5.7 IB RATE SCHEDULE - INTERRUPTIBLE BALANCING SERVICE

1. AVAILABILITY

- 1.1 This Rate Schedule is available to any Customer for the purchase of Interruptible balancing service from SGRM, provided that:
- (a) SGRM has determined that it has sufficient operationally available storage, injection, withdrawal, receipt and delivery capacity to perform the service Customer has requested;
 - (b) Customer and SGRM have entered into a Hub Services Agreement under this Rate Schedule;
 - (c) Customer accepts responsibility for arranging any upstream and/or downstream transportation service required for utilization of the service provided under this Rate Schedule;
 - (d) Availability of service under this Rate Schedule shall be subject to a determination by SGRM that SGRM's performance of the service requested hereunder shall not cause a reduction in SGRM's ability to provide higher priority services under currently effective Storage Service Agreements and that the services requested will not interfere with the efficient operation of SGRM's system; and
 - (e) Service under this Rate Schedule may not be available to the extent that SGRM would be required to construct, modify, expand or acquire any facilities to enable SGRM to perform the requested services.
- 1.2 Multiple entities may contract for service collectively as the Customer through execution of a single Hub Services Agreement under this Rate Schedule, and such entities may designate a party to act as their agent under a Hub Services Agreement, provided the following conditions have been met:
- (a) The multiple entities seeking to be treated as a Customer demonstrate to SGRM that they collectively will meet the Federal Energy Regulatory Commission's "shipper must have title" requirement, as set forth in GT&C 12;
 - (b) The multiple entities seeking to be treated as a Customer provide written notice to SGRM identifying the agent under a Hub Services Agreement and stating that the agent is authorized to act on their behalf and that each of the multiple entities which seek to be treated as a Customer under a Hub Services Agreement is jointly and severally liable for all Customer's obligations under a Hub Services Agreement; and
 - (c) The multiple entities seeking to be treated as a Customer acknowledge and agree that they shall be treated collectively as one Customer for nomination, allocation and billing purposes.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all Interruptible balancing service rendered by SGRM to Customer pursuant to a Hub Services Agreement.

- 2.1 Storage Service rendered to Customer under this Rate Schedule shall consist of the following:

- (a) The injection on any Day into storage of Customer's Gas (less Fuel Reimbursement) up to Customer's Maximum Daily Injection Quantity ("MDIQ"), upon nomination and confirmation, which is the excess of (i) the quantity of Gas received from Customer at any Point(s) of Receipt, upon nomination and confirmation, minus (ii) the quantity of Gas delivered for Customer's account to any Point(s) of Delivery upon Customer's nomination and confirmation, provided that all higher priority service nominations for injection have been satisfied and that Customer has sufficient capacity available as part of its Interruptible balancing Maximum Storage Quantity ("MSQ") to accommodate the nominated injection quantity;
 - (b) The storage of Gas in amounts up to Customer's Interruptible balancing MSQ, provided that all higher priority service storage and system needs have been met; and
 - (c) The withdrawal from storage on any Day and delivery of SGRM's Gas (as loan Gas) or Customer's Gas, upon nomination and confirmation, to the Point(s) of Delivery which is the excess of (i) the quantity of Gas delivered to Customer at any Point(s) of Delivery per Customer's nomination(s), minus (ii) the quantity of Gas received from Customer at any Point(s) of Receipt upon Customer's nomination and confirmation, provided that all higher priority service nominations for withdrawal and system needs have been met, and that Customer has a quantity of Gas stored in Interruptible Storage Inventory account or available under its Maximum Loan Quantity ("MLQ") not less than the quantity Customer shall have nominated for withdrawal on such Day.
- 2.2 To the extent Interruptible storage capacity or Gas which is being utilized by an Interruptible Customer hereunder is needed by SGRM in order to satisfy SGRM's higher priority obligations or to meet system needs, SGRM may, at SGRM's reasonable judgment and upon giving notice to Customer, interrupt the continuation of any or all services hereunder and SGRM shall require Customer to withdraw or repay all, or any portion of, the Interruptible Balancing Gas quantities held or loaned by SGRM for the account of Customer, as specified by SGRM. SGRM's notice will specify the quantity required to be returned or withdrawn and the date by which the injection or withdrawal must be completed. Unless SGRM otherwise agrees, Customer shall be required to make ratable injections or withdrawals.
- 2.3 If Customer fails to withdraw such Interruptible Balancing Gas quantities from storage, at the agreed upon time as stated in Customer's Hub Service Agreement (Rate Schedule IB) or fails to withdraw in accordance with SGRM's notice as set forth in Section 2.2 above, SGRM may take, free and clear of any adverse claims, title to such IB Storage Inventory as Customer was instructed to withdraw and SGRM shall dispose of such Gas by auction and shall credit the net proceeds received from such auction in accordance with the provisions of GT&C 32.
- 2.4 If Customer fails to inject quantities of Gas to replace Gas advanced by SGRM to Customer under this Rate Schedule at the agreed upon time as stated in Customer's Hub Services Agreement (Rate Schedule IB) or fails to inject in accordance with SGRM's notice as set forth in Section 2.2 above, SGRM may purchase replacement Gas and Customer shall pay SGRM the cost of the replacement Gas, which shall include the cost of replacement Gas and any costs or penalties incurred by SGRM or its Customers as a result of Customer's failure to deliver replacement Gas, plus all other costs incurred by SGRM to secure such replacement Gas, including, but not limited to, third-party marketing fees, transportation by third-party pipeline companies, and all other costs for securing replacement Gas.

3. RATES AND CHARGES

Customer shall pay rates and charges for service under this Rate Schedule including the rate components set forth in the IB Rate Statement and as described below:

- (a) Interruptible Balancing Charge. A charge for each Dth of Gas in Customer's IB Storage Inventory account or Loan Balance under this Rate Schedule at the end of each Day, for each Day during a given Month, as set forth in Customer's Hub Services Agreement.
- (b) Interruptible Balancing Injection Charge. A usage charge for each Dth of Gas tendered for injection pursuant to Section 2.1(a) of this Rate Schedule, as set forth in Customer's Hub Services Agreement.
- (c) Interruptible Balancing Withdrawal Charge. A usage charge for each Dth of Gas withdrawn pursuant to Section 2.1(c) of this Rate Schedule, as set forth in Customer's Hub Services Agreement.
- (d) Fuel Reimbursement. The amount of Gas for fuel and losses determined in accordance with GT&C 19, as set forth in Customer's Hub Services Agreement as a usage charge per Dth and/or an in-kind percentage.
- (e) Regulatory Fees and Charges. Customer shall reimburse SGRM for all fees and charges, as required by the Commission or any other regulatory body, that are related to service provided under this Rate Schedule, as set forth in Customer's Hub Services Agreement.
- (f) Taxes. Customer shall either pay directly to the taxing authority or reimburse SGRM for all applicable taxes as may be assessed against SGRM, in accordance with GT&C 15 and set forth in Customer's Hub Services Agreement.

4. INVOICE

Each invoice for service under this Rate Schedule shall reflect the applicable charges set forth under Section 3 of this Rate Schedule at the rates and terms set forth in Customer's Hub Services Agreement.

5. TERM

The term for service under this Rate Schedule shall be set forth in Customer's Hub Services Agreement.

6. AUTHORIZATION, RATES, TERMS AND CHANGES

- 6.1 The Hub Services Agreement and the respective obligations of the parties hereunder are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance, by FERC, and any state or local governmental agency having jurisdiction, of requisite authorization for SGRM to provide the balancing service contemplated hereby and to construct and operate the facilities necessary to provide such balancing service and for any connected pipeline to deliver Gas to the Point(s) of Receipt and/or receive Gas from the Point(s) of Delivery necessary to effect the balancing service provided for herein.
- 6.2 SGRM shall have the right to propose to FERC or any other governing regulatory body such changes in its rates and terms of service as it deems necessary, and Customer's Hub Services Agreement shall be deemed to include any changes which are made effective pursuant to order or regulation or provisions of law, without prejudice to Customer's right to protest the same; provided, however, that any market-based rates negotiated between SGRM and its Customer(s) shall remain in effect during the term of Customer's Hub Services Agreement(s) specifying such rates.

7. TERMINATION OF AGREEMENT

- 7.1 Upon termination of Customer's Hub Services Agreement (IB Rate Schedule), title to any quantity of Customer's Gas remaining in Customer's IB Storage Inventory account shall automatically transfer to SGRM, free and clear of any adverse claims, and shall be sold pursuant to an auction held in accordance with GT&C 32. However, if Customer was unable to withdraw Customer's Gas remaining in Customer's IB Storage Inventory account due to an interruption of Customer's withdrawal service by SGRM during the last ten (10) Days before termination, Customer shall be allowed to withdraw the quantity of Gas remaining in Customer's IB Storage Inventory account within a reasonable period following the end of the contract term.
- 7.2 Payment for the remaining quantities of Gas shall appear as a credit on the last statement rendered by SGRM to Customer. To the extent that the credit exceeds the total charges in the statement, the difference shall be paid by SGRM to Customer on or before the 25th day of the Month following the Month of such expiration or termination.

8. GENERAL TERMS AND CONDITIONS

Applicable provisions of the General Terms and Conditions of SGRM's Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this IB Rate Schedule, where applicable, and shall supplement the terms and conditions governing service rendered hereunder, as though stated herein; provided, however, that in the event of any inconsistency, the terms of this IB Rate Schedule shall control.

6.0 GENERAL TERMS AND CONDITIONS

1. INTRODUCTORY STATEMENT
2. DEFINITIONS
3. REQUEST FOR SERVICE
4. CAPACITY RELEASE
5. PRIORITY, INTERRUPTION OF SERVICE AND OFOS
6. STORAGE OPERATIONS
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9. POINT(S) OF RECEIPT AND POINT(S) OF DELIVERY
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22. TRANSMISSION PROVIDER STANDARDS OF CONDUCT
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24. JOINT OBLIGATIONS
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29. FEES AND CONSTRUCTION OF NEW FACILITIES
30. OFF-SYSTEM CAPACITY
31. CREDITWORTHINESS - FINANCIAL ASSURANCES
32. DISPOSITION OF RETAINED QUANTITIES
33. WAREHOUSEMEN'S LIEN
34. STORAGE SERVICE AGREEMENT EXHIBIT EXECUTION PROCEDURE

6.1 GENERAL TERMS AND CONDITIONS – INTRODUCTORY STATEMENT

1. INTRODUCTORY STATEMENT

Except where expressly stated otherwise, the General Terms and Conditions of SGRM's currently effective FERC Gas Tariff shall apply to all Gas services rendered by SGRM under any Storage Service Agreement, including, but not limited to, service under the Rate Schedules set forth in this FERC Gas Tariff.

6.2 GENERAL TERMS AND CONDITIONS - DEFINITIONS

2. DEFINITIONS

“And” or “and,” when included in a list of alternatives, shall be interpreted to mean all of the alternatives.

“AIO” means authorized injection overrun.

“AWO” means authorized withdrawal overrun.

“Bcf” means one billion (1,000,000,000) cubic feet.

“Btu” means one British Thermal Unit, and shall be the quantity of heat required to raise the temperature of one (1) pound of water from fifty-eight and five-tenths degrees (58.5 degrees) to fifty-nine and five-tenths degrees (59.5 degrees) Fahrenheit. The reporting basis for Btu is 14.73 psia at 60 degrees F (101.325 kPa at 15 degrees C) and dry.

“Business Day” means Monday through Friday, excluding Federal Banking Holidays for transactions in the United States, and similar holidays for transactions occurring in Canada and Mexico.

“Central Clock Time” or “CCT” means the time of day in the Central Time Zone of the United States.

“Contract Year” means the twelve (12) month period beginning on the date storage service under a Storage Service Agreement commences and each subsequent twelve (12) month period thereafter during the term of the applicable Storage Service Agreement.

“Critical Notices” means information pertaining to SGRM conditions that affect scheduling or adversely affect scheduled Gas flow.

“Cubic foot of Gas” equals the volume of Gas that occupies one cubic foot at a temperature of 60 degrees Fahrenheit, a pressure of 14.73 psia, and dry. Mcf means one thousand (1,000) cubic feet and Mmcf means one million (1,000,000) cubic feet. The reporting basis for Gas volumes as Cubic feet is 14.73 psia at 60 degrees F and dry. For Gas volumes reported in cubic meters, the standard conditions are 101.325 kPa at 15 degrees C and dry.

“Customer” means the party that holds all lawful right and/or title to the Gas that is being stored, balanced, loaned, parked and/or wheeled and who enters into a Storage Service Agreement with SGRM. The term “Customer” includes potential customers and is synonymous with the terms “Shipper” and “Service Requester” in accordance with NAESB WGQ Standards.

“Day” or “Gas Day” means a period of twenty-four (24) consecutive hours, beginning and ending at 9:00 a.m. CCT.

“Dekatherm” or “Dth” means the quantity of heat energy which is equivalent to 1,000,000 Btu. One dekatherm of Gas means the quantity of Gas which contains one dekatherm of heat energy.

“Elapsed Prorata Capacity” or “ESC” means 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.

“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.

“FERC” or “Commission” means the Federal Energy Regulatory Commission or any successor agency.

“Firm Storage Service” means any service under FSS or SFS Rate Schedules.

“Florida Gas Index” means the price listed in the “Daily Price Survey” of S&P Global Platts Gas Daily under the MidPoint column opposite the “Florida Gas, Zone 3” reference line.

“FSSA” means Firm Storage Service Agreement.

“Fuel Reimbursement” shall have the meaning set forth in GT&C 19.

“Gas” means natural gas in its natural state, produced from wells, including casinghead gas produced with crude oil, natural gas from gas wells and residue gas resulting from processing both casing head gas and gas well gas, and gas produced by the vaporization of liquefied natural gas and natural gas received from the regasification facilities of an LNG terminal.

“GT&C” or “GT&C(s)” means the General Terms and Condition(s) of SGRM’s Tariff.

“Internet Website” means SGRM’s website accessible via <http://www.gasnom.com/ip/southernpines> or such other site as SGRM may designate.

“Interruptible” means that the storage, parking, wheeling, loaning or balancing service is subject to interruption at any time by SGRM.

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

“Loan Balance” means the quantity of Gas, expressed in Dths, that SGRM has loaned to Customer, provided that the Loan Balance shall never exceed Customer’s MLQ specified in Customer’s Storage Service Agreement.

“Maximum Daily Delivery Quantity” or “MDDQ” means the maximum quantity of Gas, expressed in Dths, specified in Customer’s Storage Service Agreement, that Customer may nominate and that SGRM shall deliver at a Point of Delivery, subject to GT&C 8.3.

“Maximum Daily Injection Quantity” or “MDIQ” means the maximum quantity of Gas, expressed in Dths, specified in Customer’s Storage Service Agreement, that Customer may nominate and that SGRM shall receive at all Point(s) of Receipt for injection into storage each Day, subject to GT&C 8.3.

“Maximum Daily Receipt Quantity” or “MDRQ” means the maximum quantity of Gas, expressed in Dths, specified in Customer’s Storage Service Agreement, that Customer may nominate and that SGRM shall receive at a Point of Receipt, subject to GT&C 8.3.

“Maximum Daily Wheeling Quantity” or “MDTQ” means the maximum quantity of Gas, expressed in Dths, specified in Customer’s Hub Services Agreement that Customer may nominate and that SGRM shall receive at Point(s) of Receipt and deliver to Point(s) of Delivery, subject to GT&C 8.3.

“Maximum Daily Withdrawal Quantity” or “MDWQ” means the maximum quantity of Gas, expressed in Dths, specified in Customer’s Storage Service Agreement, that Customer may nominate and that SGRM shall withdraw from storage and tender to Customer at all Point(s) of Delivery, subject to GT&C 8.3.

“Maximum Loan Quantity” or “MLQ” means the maximum quantity of Gas, expressed in Dths, that SGRM is obligated to loan to Customer as specified in Customer’s Storage Service Agreement.

“Maximum Park Quantity” or “MPQ” means the maximum quantity of Gas, expressed in Dths, that Customer is permitted to have in storage, at any given time as specified in Customer’s Storage Service Agreement.

“Maximum Storage Quantity” or “MSQ” means the maximum quantity of Gas, expressed in Dths, that Customer is permitted to have in storage, at any given time as specified in Customer’s Storage Service Agreement.

“Month” or “Monthly” means the period beginning at 9:00 a.m. CCT on the first Day of a calendar month and ending at 9:00 a.m. CCT on the first Day of the next succeeding month.

“NAESB” or “North American Energy Standards Board” means that accredited organization established to set standards for certain natural gas industry business practices and procedures. “NAESB Standards” means the standardized business practices, procedures and criteria which have been adopted and published by the Wholesale Gas Quadrant of the North American Energy Standards Board and which have been adopted by reference by the Commission.

“Operational Balancing Agreement” or “OBA” means an agreement between SGRM and another pipeline operator which specifies the procedures to manage operating variances at an interconnect.

“Operational Flow Order” or “OFO” means an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity of SGRM’s system or to maintain operations required to provide efficient and reliable firm service. Whenever SGRM experiences these conditions, any pertinent order will be referred to as an Operational Flow Order.

“Or” means one or the other or all.

“Park Balance” means quantity of Gas, expressed in Dths that Customer has in storage for Customer’s account, provided that the Park Balance shall never exceed Customer’s MPQ, as specified in Customer’s Storage Service Agreement.

“Point(s) of Delivery” means the point or points located on SGRM’s system, or a third party pipeline system used by SGRM to provide service to its Customers pursuant to GT&C 30, specified in Customer’s Storage Service Agreement at which SGRM shall tender Gas to Customer. “On-system” Point(s) of Delivery refers to points located on SGRM’s physical pipeline system while “Off-system” Point(s) of Delivery refers to points located on third party pipeline systems. “SPEC_Hub” refers to an On-system logical Point of Delivery at SGRM’s storage facility that Customers may nominate for Pooling purposes.

“Point(s) of Receipt” means the point or points located on SGRM’s system, or a third party pipeline system used by SGRM to provide service to its Customers pursuant to GT&C 30, specified in Customer’s Storage Service Agreement at which SGRM shall receive Gas from Customer. “On-system” Point(s) of Receipt refers to points located on SGRM’s physical pipeline system while “Off-system” Point(s) of Receipt refers to points located on third party pipeline systems. “SPEC_Hub” refers to an On-system logical Point of Receipt at SGRM’s storage facility that Customers may nominate for Pooling purposes.

“SFSSA” means Secondary Firm Storage Service Agreement.

“SGRM’s Facility” means the Southern Pines Energy Center facility located in Mississippi and Alabama.

“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 dis-aggregation of Gas from a single physical or logical point to multiple physical and/or logical points.

“Psig” means pounds per square inch gauge.

“Releasing Customer” or “Releasing Shipper” means a Customer who has agreed to release some or all of its rights under its Storage Service Agreement to a Replacement Customer or Replacement Shipper.

“Replacement Customer” or “Replacement Shipper” means a Customer who has assumed any released rights to capacity of a Releasing Customer or Releasing Shipper.

“Storage Inventory” means the quantity of Gas, expressed in Dths, in Customer’s storage inventory account under any Rate Schedule.

“Storage Service Agreement” means a Firm Storage Service Agreement, a Secondary Firm Service Agreement, an Interruptible Storage Service Agreement, an Interruptible Parking Service Agreement, an Interruptible Loan Service Agreement, a Hub Services Agreement or a Capacity Release Umbrella Agreement, including the Exhibits to those agreements as set forth in SGRM’s Tariff.

“Tariff” means SGRM’s tariff on file with the FERC, as amended or supplemented from time to time.

“Title Transfer” means the change of title to Gas, expressed in Dths, between two (2) parties.

“Transporter” means Customer’s transporter designated to deliver Gas to the Point(s) of Receipt or Customer’s transporter designated to receive Gas from the Point(s) of Delivery.

“WGQ” means the Wholesale Gas Quadrant of NAESB.

Note: Additional terms indicated by capitalization and used in this FERC Gas Tariff shall have the meaning ascribed to them where first utilized.

6.3 GENERAL TERMS AND CONDITIONS – REQUEST FOR SERVICE

3. REQUEST FOR SERVICE

3.1 Procedures for Sale of Capacity.

- (a) Sale of capacity. Upon the availability of new storage capacity resulting from an expansion of SGRM's facilities, SGRM shall sell such capacity to prospective Customers either via the open season procedures described in Sections 3.1(b)–(f) below or via the first-come, first-served procedures described in Section 3.1(g) below, with the selection of the procedures being at SGRM's sole option. This Section 3.1 shall apply to sales of capacity under Rate Schedules FSS and SFS.
- (b) Notice of open season. If SGRM elects to conduct an open season pursuant to Section 3.1(a) above, SGRM shall post notice of the open season on its Internet Web Site. Such notice shall set forth when the open season begins and ends, the type of service being offered, how and where interested parties may submit requests for service, the criteria that will be used to evaluate bids ("Bid Evaluation Procedures"), and additional details about the open season.
- (c) Duration. An open season held pursuant to Section 3.1(b) above shall be held for a period of not less than five (5) Business Days. During this time, SGRM will accept bids from potential Customers for the service identified in the notice of the open season.
- (d) At the conclusion of the open season, the value of each submitted bid will be determined according to the Bid Evaluation Procedures. SGRM reserves the right to reject any bid which (i) may detrimentally impact the operational integrity of SGRM's Facility, (ii) yields an economic value that is unacceptable to SGRM, (iii) does not satisfy all of the terms of a specific open season, (iv) does not contain all of the required information specified in the notice of the open season, (v) contains terms and conditions other than those contained in SGRM's FERC Gas Tariff, and/or (vi) does not meet SGRM's creditworthiness requirements set forth in GT&C 31. If SGRM rejects any request for available capacity posted pursuant to this Section 3.1(d), SGRM will notify the potential Customer that submitted the rejected bid of the reason(s) for such rejection via e-mail.
- (e) During the allocation process at the conclusion of an open season, storage capacity will be allocated to the acceptable bid(s) in accordance with the Bid Evaluation Procedures.
- (f) Execution of Agreements. A prospective Customer allocated storage capacity in an open season shall be required to execute one or more Storage Service Agreements for Firm Storage Service no later than thirty (30) consecutive days following the close of the open season or forfeit the service that has been allocated to it.
- (g) Firm storage capacity that is or becomes available in SGRM's facilities outside of an open season or for which SGRM determines, pursuant to Section 3.1(a) above, that an open season will not be held shall be posted on SGRM's Internet Web Site pursuant to Section 284.13(d)(1) of the Commission's regulations and shall be allocated on a first-come, first-served basis to the first prospective Customer offering to pay a rate for service that SGRM finds acceptable. From time to time, SGRM may negotiate with Customers for prearranged storage service for a future period or for interim service. SGRM will post information regarding available storage capacity on its Internet Web Site before it provides such information to any potential Customer.

- 3.2 Requests for Service. Any Customer requesting new service from SGRM shall submit to SGRM a request for service that complies with the information requirements of GT&C 3.2. Each request for new service shall contain the information identified on a Request for Service Information List posted on SGRM's Internet Website, as such list may be amended from time to time, and such other information, if any, as may be required to comply with regulatory reporting or filing requirements. Such requests may be delivered in person or submitted by United States mail, overnight courier service, electronic transmission, e-mail, by telephone or by other mutually acceptable means as set forth in the Service Information List. SGRM shall evaluate and respond to Customer's request within five (5) Business Days of its receipt. If SGRM and Customer mutually agree to parameters of service and rates such Customer will pay for service, SGRM shall, subject to execution of a Storage Service Agreement, endeavor to provide service within the time specified in the request.
- 3.3 Additional Information.
- (a) After receipt of a request for service, SGRM may require that Customer furnish additional information as a prerequisite to SGRM offering to execute a Storage Service Agreement with such Customer. Such information may include proof of Customer's lawful right and/or title to cause the Gas to be delivered to SGRM for service under SGRM's Tariff and of Customer's contractual or physical ability to cause such Gas to be delivered to and received from such Customer's designated Point(s) of Delivery and/or Receipt.
- (b) Should Customer desire SGRM to provide service pursuant to Section 311 of the Natural Gas Policy Act, it shall provide to SGRM a statement warranting that it complies with all requirements for receiving service pursuant to Section 311 and FERC's regulations thereunder, including, but not limited to, compliance with the "on-behalf-of" requirement then in effect.
- 3.4 Request Validity. If SGRM has tendered a Storage Service Agreement for execution to Customer and such Customer fails to execute the agreement as tendered within thirty (30) consecutive days from the date it receives the agreement, SGRM may consider Customer's service request void. For service under Rate Schedule FSS or SFS, SGRM will not be required to tender a Storage Service Agreement to Customer for execution that relates to requests for service for which SGRM does not have sufficient available firm capacity.
- 3.5 Customer's Performance. Customer is required to provide to SGRM information identifying (1) the state or origin of the source of Gas that is to be stored and/or wheeled and (2) such other information if required in order for SGRM to comply with any FERC reporting or other requirements.
- 3.6 Complaints. In the event that Customer has a complaint relative to service under SGRM's Tariff, Customer shall provide a description of the complaint, including the identification of the service request (if applicable), and communicate it to:

Benjamin J. Reese
Senior Vice President
SG RESOURCES MISSISSIPPI, L.L.C.
333 Clay Street, Suite 1500
Houston, Texas 77002
Telephone: 713-652-3678
E-mail: bjreese@pnglp.com

SGRM will respond initially within forty-eight (48) hours and in writing within thirty (30) days of receipt of the complaint advising Customer of the disposition of the complaint. In the event the required date of SGRM's response falls on a Saturday, Sunday or a holiday that affects SGRM, SGRM shall respond by the next Business Day.

3.7 Information.

- (a) Any person may request information regarding service under SGRM's Tariff by contacting:

Benjamin J. Reese
Senior Vice President
SG RESOURCES MISSISSIPPI, L.L.C.
333 Clay Street, Suite 1500
Houston, Texas 77002
Telephone: 713-652-3678
E-mail: bjreese@pnglp.com

- (b) Each Customer will be provided with a list of phone numbers for SGRM's Gas Schedulers, who are on-call twenty-four (24) hours a day.

3.8 Construction of Facilities. SGRM shall not be required to provide any requested service under any Rate Schedule which would require construction or acquisition by SGRM of new facilities, or expansion of existing facilities.

6.4 GENERAL TERMS AND CONDITIONS - CAPACITY RELEASE

4. CAPACITY RELEASE

Any Customer under Rate Schedules FSS or SFS may seek to release to others any or all of its firm service entitlements on a full Day or an intraday basis, on a permanent or a temporary basis, and on a firm or recallable basis (i.e., for a stated period of time), subject to the following terms and conditions:

- 4.1 Notice of Offer. Customer offering to release service entitlements shall post the terms of its proposed release on SGRM's Internet Web Site by the posting deadline as determined pursuant to Section 4.3 herein. If Customer is unable to post such information on SGRM's Internet Web Site, Customer shall notify SGRM of the terms of its offer, by the posting deadline as determined pursuant to Section 4.3 herein, and SGRM will post this information on the Internet Web Site. Customer may propose a designated Prearranged Replacement Customer to which the capacity would be released. Offers shall be binding unless written or electronic notice of withdrawal is received by SGRM prior to the close of the applicable bid period; provided, however, such withdrawal shall only be valid if such Customer has an unanticipated requirement for such capacity and no minimum bid has been made. The notice must contain the reason for withdrawal which SGRM shall post on the Internet Web Site. The offer shall contain the following minimum information:
- (a) Customer's legal name and the name/title of individual who has authorized the offer to release;
 - (b) SGRM's Storage Service Agreement number;
 - (c) A description of the capacity to be released, including the Maximum Storage Quantity, Maximum Daily Receipt Quantity, Maximum Daily Delivery Quantity, Maximum Daily Injection Quantity, Maximum Daily Withdrawal Quantity, and the associated Point(s) of Receipt and Point(s) of Delivery (Replacement Customer may request changes to such Receipt and Delivery Point(s) subject to the proposed release and subject to the daily quantity limitations described in Section 4.2 below);
 - (d) The proposed effective date and term of the release;
 - (e) The identity of any designated Prearranged Replacement Customer (pursuant to Section 4.4), a statement as to whether Prearranged Replacement Customer is an asset manager (as defined by FERC regulations at 18 C.F.R. § 284.8(h)(3)) or marketer participating in a state-regulated retail access program (as defined by FERC regulations at 18 C.F.R. § 284.8(h)(4)), and the full terms of such prearranged release;
 - (f) The method to be applied in evaluating bids, allocating capacity and breaking ties, as described below;
 - (g) Whether, to what extent, and the conditions pursuant to which capacity will be subject to recall for a full Day or an intraday basis; if recallable, (1) whether Releasing Customer's recall notification must be provided exclusively on a Business Day, and (2) any reput methods and rights associated with returning the previously released capacity to Replacement Customer;
 - (h) Whether bids on a volumetric rate basis may be submitted, and, if so, the method for evaluating any such bids, including how to rank bids if bids are also to be accepted on a demand charge basis, and any other special conditions;

- (i) Whether contingent bids that extend beyond the bid period may be submitted, how to evaluate and prioritize such bids against non-contingent bids, and the terms and conditions under which, and/or for what time period, the next highest bidder will be obligated to acquire the capacity should the winning contingent bidder withdraw its bid;
 - (j) Any extensions of the minimum posting/bid periods;
 - (k) Whether Releasing Customer desires to utilize the first-come, first-served option for short-term releases described in Section 4.6 below and any minimum terms applicable thereto;
 - (l) Other special terms and conditions Releasing Customer imposes on the release of its capacity, including, but not limited to, minimum rates, term and quantity;
 - (m) For a non-index based release, whether to specify dollars and cents or percents of rates in the denomination of bids or, for an index-based release, the offer shall specify the index-based formula;
 - (n) Whether the release is on a permanent or a temporary basis;
 - (o) An e-mail address for Releasing Customer's contact person. It is Releasing Customer's responsibility to update e-mail address information provided to SGRM, as necessary;
 - (p) The recall notification period(s), as identified in Section 4.13(e) below, that will be available for use by the parties; and
 - (q) For releases of storage capacity, a detailed description of any Storage Inventory that must be transferred with the storage capacity.
- 4.2 Intraday Release Quantity. The daily contractual entitlement that can be released by Releasing Customer for an intraday release is limited to the lesser of:
- (a) The quantity contained in the offer submitted by Releasing Customer; or
 - (b) A quantity equal to 1/24th of Releasing Customer's MDDQ, MDIQ, MDRQ or MDWQ for the Storage Service Agreement to be released multiplied by the number of hours between the effective time of the release and the end of the Day.

This allocated daily contractual entitlement shall be used for purposes of nominations, billing, and if applicable, for overrun calculations.

The Maximum Storage Quantity that can be released by Releasing Customer for an intraday release is limited to a quantity not in excess of Releasing Customer's Maximum Storage Quantity less Releasing Customer's Storage Inventory.

- 4.3 Posting and Bidding Timeline. For the capacity release business process timing model, only the following methodologies shall be supported by SGRM and provided to Releasing Customers as choices from which they may select and, once chosen, shall be used in determining the awards from the bid(s) submitted. They are: (1) highest rate, (2) net revenue and (3) present value. For index-based capacity release transactions, Releasing Customer should provide the necessary information and instructions to support the chosen methodology. Other choices of bid evaluation methodology (including other Releasing Customer defined evaluation methodologies) can be accorded similar timeline evaluation treatment at SGRM's discretion; however, SGRM is not required to offer other choices or similar timeline treatment for other choices. Further, SGRM

shall not be held to the timeline specified in Sections 4.3(a) and 4.3(b) below should Releasing Customer elect another method of evaluation. Should Releasing Customer elect another method of evaluation, the timeline specified in Section 4.3(c) below shall apply. The proposed duration of Customer's release determines the minimum bid period for Customer's offer pursuant to this Section 4. The Capacity Release timeline is applicable to all parties involved in the capacity release process provided that: (i) all information provided by the parties to the transaction is valid and Replacement Customer has been determined to be creditworthy before the capacity release bid is tendered, (ii) for index-based capacity release transactions, Releasing Customer has provided SGRM with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and (iii) there are no special terms or conditions of the release. Further, SGRM may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g., designation of an index not supported by SGRM).

The Capacity Release timeline is as follows:

(a) For biddable releases (one (1) year or less):

- Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- Open season ends at 10:00 a.m. on the same or a subsequent Business Day.
- Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken.
- If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.

SGRM will issue a Storage Service Agreement within one (1) hour of the award posting (with a new agreement number, when applicable). Nominations for Gas flow are possible beginning at the next available nomination cycle for the effective date of the Storage Service Agreement. Such nominations will be processed in accordance with the nomination and scheduling requirements of GT&C 8; however, in no circumstance will Gas flow prior to the effective date of the release as specified in Releasing Customer's offer.

(b) For biddable releases (more than one (1) year):

- Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- Open season shall include no less than three (3) 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 any contingencies are eliminated, determination of best Bid is made, and ties are broken.
- If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.

- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.

SGRM will issue a Storage Service Agreement within one (1) hour of the award posting (with a new agreement number, when applicable). Nominations for Gas flow are possible beginning at the next available nomination cycle for the effective date of the Storage Service Agreement. Such nominations will be processed in accordance with the nomination and scheduling requirements of GT&C 8; however, in no circumstance will Gas flow prior to the effective date of the release as specified in Releasing Customer's offer.

- (c) **Timeline for Non-Standard Releases.** If Customer specifies a bid evaluation methodology other than those stated in Section 4.3 or specifies any special terms or conditions, the above timelines shall apply; provided, however, one (1) additional Business Day will be added to the evaluation period. Subsequent deadlines will be delayed by such additional Business Day, causing Gas flow to occur at least one (1) Day later than under the standard timelines set forth in Sections 4.3(a) and 4.3(b).
- (d) **Releases Not Subject to Bidding.** Prearranged capacity releases of a duration of thirty-one (31) Days or less, to an asset manager (as defined by FERC regulations at 18 C.F.R. § 284.8(h) (3)) or to a marketer participating in a state-regulated retail access program (as defined by FERC regulations at 18 C.F.R. § 284.8(h) (4)) are not required to be posted for bidding pursuant to Section 4.3. Nonetheless, Releasing Customer may elect to post one of the foregoing releases for bidding pursuant to Section 4.3. Releasing Customer shall notify SGRM of the foregoing releases by providing the information pursuant to Section 4.1, which information will be posted on the Internet Web Site (as required by Section 4.5).

For non-biddable releases: the posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:

- Timely Cycle 12:00 Noon
- Evening Cycle 5:00 p.m.
- Intraday 1 Cycle 9:00 a.m.
- Intraday 2 Cycle 1:30 p.m.
- Intraday 3 Cycle 6:00 p.m.

Prior to the nomination deadline for the chosen cycle for the begin date specified in Releasing Customer's notice, Prearranged Replacement Customer must initiate confirmation of prearranged deals electronically. SGRM will issue a Storage Service Agreement within one (1) hour of notification of the release (with a new agreement number, when applicable). Nominations for Gas flow are possible beginning at the next available nomination cycle for the effective date of the Storage Service Agreement. Such nominations will be processed in accordance with the nomination and scheduling requirements of GT&C 8; however, in no circumstance will Gas flow prior to the effective date of the release as specified in Releasing Customer's offer. If a release of capacity is exempt from bidding because it is for a term of thirty-one (31) days or less, Releasing Customer may not roll-over, extend, or in any way continue the release to same Replacement Customer using the thirty-one (31) day or less bidding exemption, unless Releasing Customer complies with the posting and bidding requirements of Section 4.3 or not less than twenty-eight (28) days have elapsed since the conclusion of the prior release period.

SGRM shall post offers and bids, including prearranged deals, upon receipt, unless Releasing Customer requests otherwise. If Releasing Customer requests a posting time, SGRM shall support

such request insofar as it comports with the standard timeline specified in WGQ 5.3.2. Releasing Customer cannot specify an extension of the original bid period or the prearranged deal match period, without posting a new release.

- 4.4 Prearranged Releases. Releasing Customer may designate an entity (a designated “Prearranged Replacement Customer”) to which it has agreed to release the capacity upon specified terms and conditions. Customer’s offer to release under such a prearranged transaction shall be subject to the prior posting and bidding procedures described in Sections 4.5 and 4.6, herein, with the designated Prearranged Replacement Customer being given a right to match the best bid submitted during the bid period; provided, however, if a prearranged transaction with a Prearranged Replacement Customer is for a period of thirty-one (31) Days or less, to an asset manager (as defined by FERC regulations at 18 C.F.R. § 284.8(h)(3)) or to a marketer participating in a state-regulated retail access program (as defined by FERC regulations at 18 C.F.R. § 284.8(h)(4)), Releasing Customer shall provide notice to SGRM in accordance with this Section and may implement the release without complying with such prior posting and bidding procedures. Notices of such exempted releases shall be posted on the Internet Web Site in accordance with Section 4.3 herein.
- 4.5 Posting. Following receipt of a notice of offer to release capacity which satisfies the requirements set forth in this Section, SGRM will post such information on its Internet Web Site in accordance with the timeline set forth in Section 4.3 herein. SGRM shall also post offers to purchase capacity from those who desire current Customers to release capacity upon receipt of the applicable information as set forth below.

Any party desiring to acquire released firm storage capacity pursuant to this Section 4.5 must submit its purchase offer information to SGRM in accordance with instructions posted on the Internet Web Site under Notices-Request to Purchase Releasable Capacity, by e-mail to the address specified in the instructions.

Such requests must include, at a minimum, the prospective Replacement Customer’s name and contact information, the effective date of the offer and the termination date of the offer; the Maximum Storage Quantity, Maximum Daily Injection Quantity, and Maximum Daily Withdrawal Quantity desired, the desired commencement date and term of service, the desired primary receipt and delivery points and the associated Maximum Daily Receipt Quantity and Maximum Daily Delivery Quantity for service; the rate(s) that Replacement Customer will offer to pay for the service; whether Replacement Customer will accept a release with recall rights, and if so, what recall rights would be acceptable, and whether Replacement Customer’s request is contingent, and if so, the basis for the contingency and other terms and conditions specified by the prospective Replacement Customer, and any additional information as required by SGRM. Upon receipt of a complete offer to purchase releasable capacity from a prospective Replacement Customer, SGRM will post the offer on the public Informational Postings section of its Internet Web Site under Notices – Request to Purchase Releasable Capacity. All Replacement Customers must satisfy SGRM’s creditworthy standards. SGRM shall maintain purchase offer postings for a minimum of thirty (30) days, until the offer is terminated or until a transaction is effected, whichever is shorter.

- 4.6 Bidding and Selection of Replacement Customer.
- (a) If Releasing Customer desires to solicit bids for releases of thirty-one (31) Days or less, it may direct SGRM to post notice of the availability of such capacity and, in lieu of permitting bids during the otherwise applicable posting period, Releasing Customer may direct SGRM to award the capacity to the bidder which submits first in time a valid bid meeting any minimum terms specified by Releasing Customer.

- (b) Any bid submitted by a prospective Replacement Customer shall include an e-mail address for at least one (1) contact person, and it is Replacement Customer's responsibility to update e-mail address information provided to SGRM, as necessary. A bidder may not have more than one (1) eligible bid for the same release offer at any time. Bids shall be binding until written or electronic notice of withdrawal is received by SGRM on its Customer Activities Web site before the end of the bid period. Bids cannot be withdrawn after the bid period ends. Once a bid is withdrawn, that bidder may only submit a new bid pursuant to that release offer if it is at a higher rate than the withdrawn bid.
- (c) SGRM shall evaluate the bids in accordance with the provisions of Section 4.7 and determine the best bid in accordance with the timelines set forth in Section 4.3 herein. SGRM shall notify Releasing Customer, the best bidder, and any designated Prearranged Replacement Customer of such determination in accordance with the timelines set forth in Section 4.3 herein. If there is a designated Prearranged Replacement Customer, it may exercise its right to match such best bid by providing written notice of such exercise to SGRM and Releasing Customer in accordance with the timelines set forth in Section 4.3 herein. After Replacement Customer is selected, SGRM will finalize an appropriate Addendum to the Capacity Release Umbrella Agreement in the form contained in SGRM's Tariff. SGRM will provide a copy of this Addendum to Replacement Customer via electronic transmission, at which time Replacement Customer will have the same rights and obligations as any other existing Customer on SGRM's system.

Following implementation of the release, SGRM shall post notice of the winning bidder on the Internet Web Site.

- 4.7 Best Bid. When SGRM makes awards of capacity for which there have been multiple bids meeting minimum conditions, SGRM shall award the bids, best bid first, until all offered capacity is awarded. The capacity being awarded represents the MDIQ, MDWQ, MSQ, MDRQ and MDDQ. These quantities are separate parts of the capacity and are awarded until one of the quantities is fully awarded, at which point all capacity is deemed to be fully awarded. SGRM shall evaluate and determine the best bid among those otherwise consistent with any terms and conditions specified by Releasing Customer as follows:
- (a) SGRM shall apply the standard or criteria for such determination specified by Releasing Customer, including the standard to be used for breaking ties. Any standard or criteria so specified must be objective, economic, not unduly discriminatory, not contrary to applicable provisions of SGRM's Tariff, applicable to all prospective Replacement Customers and require SGRM in applying such standard to exercise no more than a ministerial function. Releasing Customer shall indemnify and hold SGRM harmless from and against all demands, losses, claims, expenses, causes of action and/or damages suffered or incurred by SGRM arising out of or related to any determination of a "best bid" pursuant to a standard specified, supplied, approved or provided by Releasing Customer.
 - (b) In default of Releasing Customer specifying a bid evaluation standard, SGRM shall determine the bid or bids generating the highest net present value, using a ten percent (10%) discount factor, based on the rate bid (reservation or demand component), the applicable quantity(ies) and term or period bid upon. In default of Releasing Customer specifying a method to break ties priority will be given first to the bid with the shortest term, and next to the bid submitted first in time.
- 4.8 Qualification of Prospective Replacement Customer. Prospective Replacement Customer must be on SGRM's approved bidders list before bids may be posted on the Internet Web Site, must satisfy

all requirements of the applicable Rate Schedule and the GT&Cs and must have executed a Capacity Release Umbrella Agreement. To be on the approved bidders list, prospective Replacement Customer must satisfy SGRM's credit requirements as outlined in GT&C 31, and, if applicable, provide the information required by GT&C 3. SGRM will apply its creditworthiness criteria to assess the submission. Prospective Replacement Customer shall remain on the approved bidders list until such prospective Replacement Customer (i) notifies SGRM to the contrary, (ii) no longer meets the credit qualifications established in GT&C 31, or (iii) is suspended from the approved bidders list in the event, and for such time as, such Replacement or Prearranged Replacement Customer fails to pay part or all of the amount of any bill for service in accordance with GT&C 14. SGRM will waive the creditworthiness requirement on a non-discriminatory basis for Replacement Customers and permit them to submit bids, if Releasing Customer provides SGRM with financial assurance in form and substance satisfactory to SGRM of all financial obligations of Replacement Customer with respect to the capacity being released by Releasing Customer prior to the commencement of service to Replacement Customer. SGRM shall not award capacity release offers to prospective Replacement Customer until and unless Customer meets SGRM's creditworthiness requirements applicable to all services that it receives from SGRM, including the service represented by the capacity release.

- 4.9 Nominations. Following its selection, and prior to the flow of Gas, Replacement Customer shall be permitted to submit nominations pursuant to the terms and conditions of the applicable Rate Schedule and the GT&Cs.
- 4.10 Billing. Replacement Customer shall be billed and make payments to SGRM in accordance with the applicable Rate Schedule, other provisions of SGRM's Tariff and of its Storage Service Agreement incorporating its bid terms. In accordance with the terms of the release, Replacement Customer shall pay or be liable for the usage charges (plus all applicable surcharges, Fuel Reimbursement, taxes, penalties, etc.) applicable under the relevant Rate Schedule attributable to its usage of the released capacity. SGRM shall continue to bill Releasing Customer all applicable charges under its existing Storage Service Agreement, excluding usage charges (plus all applicable surcharges, Fuel Reimbursement, taxes, penalties, etc.) billed to Replacement Customer and attributable to Replacement Customer's usage of the released capacity. Invoices sent to Releasing Customer shall reflect a credit equal to any reservation charges (plus all surcharges applicable thereto) being billed to Replacement Customer for the released capacity rights, or as otherwise agreed. If Replacement Customer fails to pay when due all or part of the amounts credited to Releasing Customer, SGRM shall pursue payment from Replacement Customer by notifying such Customer by registered letter, return receipt requested, that it has five (5) days from receipt of such letter to pay the amount due including any applicable interest. If Replacement Customer fails to pay such amount by the end of the fifth (5th) day, SGRM shall reverse the credit and bill Releasing Customer for such past due amounts, plus applicable interest.
- 4.11 Rights and Obligations of the Parties.
- (a) The Storage Service Agreement between Releasing Customer and SGRM shall remain in full force and effect with Releasing Customer to receive a credit to its invoice as described in Section 4.10 above. If Replacement Customer fails to pay all or part of the amounts credited to Releasing Customer after the five (5) Day notification period specified in Section 4.10, SGRM shall reverse the credit and bill Releasing Customer for such past due amounts, plus applicable interest. The Storage Service Agreement executed by Replacement Customer shall be fully effective and enforceable by and against Replacement Customer. Replacement Customer may also release capacity pursuant to this Section, and in such event and for such purposes, shall be considered Releasing Customer.

- (b) SGRM shall accept nominations, schedule service, afford priority of service and interrupt service based on instructions and communications from Releasing Customer and Replacement Customer which are consistent with one another and with the terms and conditions of SGRM's Tariff and their respective Storage Service Agreements. In the event that instructions or nominations from Releasing Customer and Replacement Customer are, in SGRM's opinion, inconsistent or conflicting, SGRM shall comply with the instructions of Releasing Customer; provided, however, that such instructions must not be inconsistent with SGRM's Tariff or the terms of either Releasing Customer's or Replacement Customer's Storage Service Agreement, in SGRM's opinion. Releasing Customer will indemnify SGRM against any claim or suit by Replacement Customer, its successors or assigns arising from any action taken by SGRM in reliance upon Releasing Customer's nominations and instructions and will hold SGRM harmless for any action taken by SGRM in reliance upon the nominations and scheduling instructions of Replacement Customer; provided, however, that Releasing Customer shall not be liable for Replacement Customer's failure to pay the usage charges (plus all applicable surcharges, Fuel Reimbursement, taxes, penalties, etc.) billed to Replacement Customer and attributable to its usage of the released capacity. Replacement Customer will indemnify SGRM against any claim or suit by Releasing Customer, its successors or assigns, arising from any action taken by SGRM in reliance upon the nominations and scheduling instructions of Replacement Customer and will hold SGRM harmless for any actions taken by SGRM in reliance upon the instructions of Releasing Customer.

4.12 Marketing Fee. If SGRM and Releasing Customer so agree, SGRM may receive a negotiated fee for its marketing efforts.

4.13 Limitations.

- (a) Releases and assignments hereunder shall be for period(s) of one (1) or more Day(s) and the maximum term shall not extend beyond the expiration of SGRM's Tariff provision or beyond the expiration of Releasing Customer's Storage Service Agreement.
- (b) SGRM may invalidate any offer to release or any bid subsequent to its posting on the Internet Web Site which does not conform to the requirements of this Section and the other provisions of SGRM's Tariff and such invalidated offer or bid shall be deemed null and void.
- (c) Any terms and conditions imposed on the offer to release by Releasing Customer as provided for in this Section 4 must be objectively stated, reasonable, capable of administration or implementation by SGRM without any material increase in burden or expense, applicable to all potential bidders, not unduly discriminatory, and consistent with the terms and conditions of SGRM's Tariff and Releasing Customer's Storage Service Agreement.
- (d) Releasing Customer may re-release to the same Replacement Customer, where such first release was not subject to posting and bidding pursuant to Section 4.4, for a term of thirty-one (31) Days or less, only if: (i) a period of twenty-eight (28) Days has elapsed after the first release for thirty-one (31) Days or less has expired; (ii) the Point(s) of Receipt and/or Point(s) of Delivery for the re-release is (are) different from the Point(s) of Receipt and/or Point(s) of Delivery of the first release; (iii) Releasing Customer causes the posting of an offer to release capacity or of a prearranged transaction to be made, and capacity is allocated on the basis of bids submitted; or (iv) the release is not subject to bidding and posting under the provisions applicable to asset managers and state regulated retail access programs.

- (e) Recall Provisions. If Releasing Customer retains recall rights, Releasing Customer's offer to release capacity shall clearly specify the conditions precedent to such recall and whether the recall right retained by Releasing Customer is on a full Day or partial Day basis. Releasing Customer shall provide capacity recall notification to SGRM via the Internet Web Site. The recall notification shall specify the recall notification period for the specified effective Day, as well as any other information needed to uniquely identify the capacity being recalled. SGRM shall support the following recall notification periods for all released capacity subject to recall rights:
- (1) Timely Recall Notification:
 - (A) Releasing Customer recalling capacity should provide notice of such recall to SGRM and first Replacement Customer no later than 8:00 a.m. on the Day that Timely Nominations are due; and
 - (B) SGRM shall provide notification of such recall to all affected Replacement Customers no later than 9:00 a.m. on the Day that Timely Nominations are due.
 - (2) Early Evening Recall Notification:
 - (A) Releasing Customer recalling capacity should provide notice of such recall to SGRM and first Replacement Customer no later than 3:00 p.m. on the Day that Evening Nominations are due; and
 - (B) SGRM shall provide notification of such recall to all affected Replacement Customers no later than 4:00 p.m. on the Day that Evening Nominations are due.
 - (3) Evening Recall Notification:
 - (A) Releasing Customer recalling capacity should provide notice of such recall to SGRM and first Replacement Customer no later than 5:00 p.m. on the Day that Evening Nominations are due; and
 - (B) SGRM shall provide notification of such recall to all affected Replacement Customers no later than 6:00 p.m. on the Day that Evening Nominations are due.
 - (4) Intraday 1 Recall Notification:
 - (A) Releasing Customer recalling capacity should provide notice of such recall to SGRM and first Replacement Customer no later than 7:00 a.m. on the Day that Intraday 1 Nominations are due; and
 - (B) SGRM shall provide notification of such recall to all affected Replacement Customers no later than 8:00 a.m. on the Day that Intraday 1 Nominations are due.
 - (5) Intraday 2 Recall Notification:
 - (A) Releasing Customer recalling capacity should provide notice of such recall to SGRM and first Replacement Customer no later than 12:00 p.m. on the Day that Intraday 2 Nominations are due; and

- (B) SGRM shall provide notification of such recall to all affected Replacement Customers no later than 1:00 p.m. on the Day that Intraday 2 Nominations are due.
- (6) Intraday 3 Recall Notification:
 - (A) Releasing Customer recalling capacity should provide notice of such recall to SGRM and first Replacement Customer no later than 4:00 p.m. on the Day that Intraday 3 Nominations are due; and
 - (B) SGRM shall provide notification of such recall to all affected Replacement Customers no later than 5:00 p.m. on the Day that Intraday 3 Nominations are due.

For recall notification provided to SGRM prior to the recall notification deadline specified above and received between 7:00 a.m. CCT and 5:00 p.m. CCT, SGRM shall provide notification to all affected Replacement Customers no later than one (1) hour after receipt of such recall notification. For recall notification provided to SGRM after 5:00 p.m. CCT and prior to 7:00 a.m. CCT, SGRM shall provide notification to all affected Replacement Customers no later than 8:00 a.m. CCT after receipt of such recall notification.

SGRM's notices of recalled capacity to all affected Replacement Customers shall be provided via the Internet Web Site, along with written notice via e-mail communication to those Replacement Customer contact person(s) identified in Replacement Customer's bid submitted pursuant to Section 4.6. Such notices shall contain the information required to uniquely identify the capacity being recalled, and shall indicate whether penalties will apply for the Day for which quantities are reduced due to a capacity recall. Upon receipt of notification of the recall from SGRM, each affected Replacement Customer shall revise its nominations within the applicable nomination cycle in order to implement the recall. Each affected Replacement Customer will be solely responsible for adjusting its supply and transportation arrangements, which may be necessary as a result of such recall. Replacement Customers involved in re-release transactions may receive notice slightly after first Replacement Customer receives notice. Recalling Releasing Customer may nominate the recalled capacity consistent with the applicable nomination cycle, as defined in GT&C 8.2(f).

- (f) Partial Day Recall Quantity. The daily contractual entitlement that can be recalled by a Releasing Customer for a partial Day recall is a quantity equal to the lesser of:
 - (1) The quantity specified in Releasing Customer's notice to recall capacity; or
 - (2) The difference between the quantity released by Releasing Customer and the Elapsed Prorata Capacity.

In the recall notification provided to SGRM by Releasing Customer, the quantity to be recalled shall be expressed in terms of the adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity. In the event of an intraday capacity recall, SGRM shall determine the allocation of capacity between Releasing Customer and Replacement Customer(s) based upon the Elapsed Prorata Capacity.

The amount of capacity allocated to Replacement Customer(s) shall equal the original released quantity less the recalled capacity. This allocated daily contractual quantity shall

be used for purposes of nominations, billing, and, if applicable, for overrun calculations. As a result of the allocation of capacity described in this Section, SGRM shall not be obligated to deliver a combined quantity to Releasing Customer and Replacement Customer(s) that is in excess of the total daily contract quantity of the release.

- (g) Reput Provisions. SGRM shall support the function of reputting by Releasing Customer. Releasing Customer may reput previously recalled capacity to Replacement Customer pursuant to the reput rights and methods identified in Releasing Customer's Notice to release capacity, as required by Section 4.1(g). When capacity is recalled, such capacity may not be reput for the same Day. The deadline for Releasing Customer to notify SGRM of a reput of capacity is 8:00 a.m. CCT to allow Replacement Customer to submit timely nominations for gas to flow on the next Day.
- (h) Following the awarding of capacity to Replacement Customer in accordance with the procedures provided in this Section 4, Releasing Customer's rights and SGRM's obligations under Releasing Customer's Storage Service Agreement shall be modified and subject to the capacity rights released and assigned to Replacement Customer for the term of such release. Effecting a release pursuant to the provisions of this Section 4 shall constitute Releasing Customer's consent and agreement to such amendment or modification of its existing Storage Service Agreement.
- (i) The offer to release by Customer under Rate Schedules FSS or SFS must specify the quantities of MDDQ, MDRQ, MSQ, MDIQ, MDWQ or rights offered, and actually available on the effective date of the assignment, and the exercise of which rights, in conjunction with Releasing Customer's exercise of its retained rights, will not violate any maximum or minimum quantity requirements or limitations applicable under the Rate Schedule or the respective Storage Service Agreements. Releasing Customer shall be responsible for ensuring that the Storage Service quantities offered for release shall be available upon the commencement of the release, in accordance with the terms and conditions of the applicable Rate Schedule. Replacement Customer under Rate Schedules FSS or SFS shall be responsible for arranging transportation to and from the Point(s) of Receipt and Point(s) of Delivery consistent with its rights and obligations under its Storage Service Agreement and Rate Schedules FSS or SFS. Replacement Customer must comply with all obligations imposed under such Rate Schedule and its rights to store, withdraw and/or inject Gas will be subject to the provisions thereof. If Releasing Customer proposes to, or requires a transfer-in-place of the portion of its Storage Inventory in conjunction with its release and assignment of storage capacity rights, it shall so specify in its offer to release and such transfer shall be implemented contemporaneously with the release and assignment subject to compliance with the provisions of GT&C 20. Replacement Customer must withdraw the portion of its Storage Inventory by the end of the term of the release. In lieu of withdrawing the portion of its Storage Inventory, Replacement Customer can also attempt to effect a transfer of the portion of its Storage Inventory to another storage service Customer as provided in GT & C 20. If Replacement Customer fails to withdraw or transfer the portion of its Storage Inventory by the end of the term of its release, title to the portion of Customer's remaining Storage Inventory will be vested, at no cost, in Releasing Customer which released its capacity to Replacement Customer on a temporary basis.

4.14 SGRM's Right to Terminate Temporary Capacity Release.

- (a) In the event of a temporary release for which (1) SGRM has given notice of termination of Releasing Customer's Storage Service Agreement pursuant to GT&C 28 and (2) the reservation charge specified in the effective Replacement Firm Storage Service Agreement, Replacement Secondary Firm Storage Service Agreement, Addendum to the

Replacement or Prearranged Replacement Customer's Capacity Release Umbrella Agreement is less than the level of the reservation charge which Releasing Customer was obligated to pay SGRM, then SGRM shall be entitled to terminate the capacity release upon thirty (30) days' written notice to Replacement or Prearranged Replacement Customer, unless the Replacement or Prearranged Replacement Customer agrees prior to the end of said thirty (30) day notice period to pay for the remainder of the term of the capacity release either (i) the reservation and commodity charges at levels which Releasing Customer was obligated to pay SGRM, or (ii) such rate as mutually agreed by SGRM and Replacement or Prearranged Replacement Customer. Customer may elect to pay the lesser of the two (2) foregoing options. SGRM's right to terminate the capacity release is subject to SGRM providing written notice of termination to the Replacement or Prearranged Replacement Customer within thirty (30) days of the determination by SGRM that Releasing Customer no longer satisfies SGRM's credit requirements. Termination of the capacity release shall not occur prior to termination of Releasing Customer's agreement.

- (b) In the event that Customer has received thirty (30) days' notice of termination pursuant to Section 4.14(a) above for storage service and there is Gas in storage for Customer's account at the end of such thirty (30) day period, the capacity release shall continue in force and effect for the sole purpose of withdrawal of said Gas by Customer until Customer's Storage Inventory is zero (0). SGRM shall require Customer to withdraw each Day a quantity equal to the MDWQ, or such other lesser quantity acceptable to SGRM. The requirement to withdraw storage quantities shall be suspended on any Day to the extent that SGRM cannot accommodate a nomination or withdraw such storage quantities on such Day. Customer may also transfer title of Gas remaining in Customer's Storage Inventory to another Customer pursuant to GT&C 20. In the event Customer fails to withdraw its entire Storage Inventory within the time required by this Section, SGRM shall auction any remaining Storage Inventory in accordance with GT&C 32. Customer shall indemnify SGRM and hold it harmless from all costs, damages and liabilities arising out of the failure of Customer to remove such Storage Inventory and the disposal of such Storage Inventory by sale by SGRM. SGRM shall post such quantities on the Internet Web Site as soon as reasonably practicable. SGRM shall accept bids only during the time period from 7:00 a.m. until 11:00 a.m. CCT on the second (2nd) Business Day following such posting. Prior to 4:00 p.m., CCT of the same Day, SGRM shall notify Customer submitting the highest bid. When the Gas is purchased at auction, Customer purchasing the Gas must provide identification of the existing Storage Service Agreement with SGRM under which Customer shall store or wheel all such Gas purchased. Customer purchasing the Gas agrees to pay the applicable storage and/or hub rates on the Gas purchased beginning on the date the bid was accepted at auction.
- (c) SGRM shall provide original Releasing Customer with e-mail notification reasonably proximate in time with any of the following formal notices given by SGRM to Releasing Customer's Replacement Customer(s), of the following:
- (1) Notice to Replacement Customer regarding Replacement Customer's past due, deficiency, or default notice status pursuant to SGRM's Tariff;
 - (2) Notice to Replacement Customer regarding Replacement Customer's suspension of service notice;
 - (3) Notice to Replacement Customer regarding Replacement Customer's agreement termination notice due to default or credit-related issues; and

- (4) Notice to Replacement Customer that Replacement Customer(s) is no longer creditworthy and has not provided financial assurances pursuant to SGRM's Tariff.

6.5 GENERAL TERMS AND CONDITIONS – PRIORITY, INTERRUPTION OF SERVICE AND OFOS

5. PRIORITY, INTERRUPTION OF SERVICE AND OFOS

- 5.1 Priority of Service. Any Customer executing a Storage Service Agreement with SGRM shall be entitled to service in the following order of declining priority, as applicable based on operational constraint(s):
- (a) Firm Storage Service at primary Point(s) of Receipt, not in excess of MDRQ, and at primary Point(s) of Delivery, not in excess of MDDQ.
 - (b) Firm Storage Service that includes secondary point rights (i) at secondary Point(s) of Receipt, (ii) at secondary Point(s) of Delivery, (iii) at primary Point(s) of Receipt in excess of MDRQ, but less than or equal to MDIQ, and (iv) at primary Point(s) of Delivery in excess of MDDQ but less than or equal to MDWQ.
 - (c) Authorized Injection Overrun Gas and Authorized Withdrawal Overrun Gas (pursuant to Section 2 of the FSS or SFS Rate Schedules), and Interruptible service including storage, parking, wheeling, loaning or balancing pursuant to Section 5.2 below.
 - (d) Make-up quantities to correct a prior variance between (i) Transporter and the counterparty to a balancing agreement (pursuant to such agreement), (ii) Customer and SGRM, and (iii) Customer and Transporter if the variance was due to SGRM's failure to receive or deliver Customer's scheduled quantity.
 - (e) Extended injections for firm service in excess of MDRQ/24 or extended withdrawals for firm service in excess of MDDQ/24.

If a capacity constraint is anticipated or planned (for example, due to system maintenance), SGRM shall post a notice of the anticipated constraint on its Internet Website at least forty-eight (48) hours, or as soon as practicable, in advance of the start of the constraint period.

- 5.2 The order of priority relating to service requests for Authorized Injection Overrun Gas, Authorized Withdrawal Overrun Gas (pursuant to Section 2 of the FSS or SFS Rate Schedules) and service under Rate Schedules ISS, IP, IW, IL and IB shall be allocated to each Customer in the same manner as specified in Section 5.3.

5.3 Interruption.

- (a) If on any Day SGRM's capability to receive or deliver quantities is impaired so that SGRM is unable to receive or deliver all the quantities that are nominated or scheduled, then interruption of service shall be implemented in the reverse order of priority set forth in Section 5.1; provided that, once scheduled, secondary firm service has the same priority as primary firm service, as set forth in Section 5.1(a). If Firm Storage Service must be interrupted, interruption of service to firm storage Customers shall be pro rata according to quantities nominated or scheduled for each Customer. Interruption of service to Interruptible Customers under Rate Schedules ISS, IP, IW, IL and IB and to firm Customers utilizing Authorized Injection Overrun Gas or Authorized Withdrawal Overrun Gas (pursuant to Section 2 of FSS or SFS Rate Schedules) shall be based on the charges applicable to each Customer for the portion(s) of service subject to interruption, with the transaction with the lowest economic value to SGRM being interrupted first. Any ties shall be interrupted on a pro rata basis according to quantities nominated or scheduled for each Customer.

- (b) SGRM shall provide Customer as much advance notice of any interruption as is reasonably practicable under the circumstances. Such notice shall be made by telephone, e-mail or via the Internet Website, as appropriate, and shall state the reduced quantities of Gas that SGRM estimates it will be able to park, wheel, loan, store, balance, inject, withdraw, receive or deliver, as applicable, and the estimated duration of the interruption.
- (c) If interruption is required, SGRM and Customer shall cooperate to the extent possible in making adjustments to receipts, deliveries, injections or withdrawals to minimize injury to any property or facilities.

5.4 Interruption Liability. SGRM shall not be liable for any loss or damage to any person or property caused, in whole or in part, by any interruption of service, except to the extent caused solely by SGRM's negligence or willful misconduct.

5.5 Action Alerts and Operational Flow Orders.

- (a) Circumstances Warranting Issuance: As specified in this Section 5.5, SGRM shall have the right to issue Action Alerts or Operational Flow Orders ("OFOs") that require actions by Customers in order to (1) alleviate conditions that threaten to impair reliable service, (2) maintain operations at the pressures required to provide efficient and reliable services, (3) have adequate Gas supplies in the system to deliver on demand, (4) maintain service to all firm Customers and for all firm services, and (5) maintain the system in balance for the foregoing purposes.
- (b) Actions to be Taken to Avoid Issuance: SGRM shall, to the extent practicable, take all reasonable actions necessary to avoid issuing an Action Alert or OFO. Such actions shall include, in order of priority (1) working with point operators to temporarily adjust receipts and/or deliveries at relevant Point(s) of Receipt or Point(s) of Delivery, (2) working with Customers and point operators to adjust scheduled flows on the system, or (3) taking any other reasonable action designed to mitigate the system problem. After taking all such reasonable actions to avoid issuing an Action Alert or OFO, SGRM will have the right to issue Action Alerts or OFOs, if necessary, in the circumstances described in Section 5.5(a).
- (c) Preliminary Notifications/Follow-up Reports: SGRM shall provide, via posting on the Internet Website and via e-mail notice to all Customers and point operators of upcoming system events such as anticipated weather patterns and operational problems that may necessitate the issuance of an Action Alert or OFO.
- (d) Applicability of Action Alert or OFO: SGRM shall make an Action Alert or OFO as localized as is reasonably practicable based on SGRM's good faith and reasonable judgment concerning the situations requiring remediation such that an Action Alert or OFO will be directed first to Customers and point operators causing the problem necessitating the Action Alert or OFO and second, if necessary, to all Customers and point operators. SGRM will tailor the Action Alert or OFO to match the severity of the known or anticipated operational problem requiring remediation as more fully set forth in subsections 5.5(f) and 5.5(g). The declaration to the affected parties of OFOs, critical periods and/or Critical Notices shall describe the conditions and the specific responses required from the affected parties.
- (e) Notice: All Action Alerts and OFOs will be posted on SGRM's Internet Website and notice will be sent by e-mail to all Customer(s) and affected point operator(s). The Action Alert or OFO will set forth (1) the date and time of issuance, (2) the actions

Customer or point operator is required to take, (3) the time by which Customer or point operator must be in compliance with the Action Alert or OFO, (4) the anticipated duration of the Action Alert or OFO, and (5) any other terms that SGRM may reasonably require to ensure the effectiveness of the Action Alert or OFO. In addition to the other information contemplated by this Section 5.5(e), such notice shall also include information about the status of operational variables that determine when an Action Alert or OFO will begin and end, and SGRM shall post periodic updates of such information, promptly upon occurrence of any material change in the information. SGRM will post a notice on the Internet Website informing Customers and point operators when any Action Alert or OFO in effect will be lifted and specifying the factors that caused the Action Alert or OFO to be issued and then lifted, to the extent such factors are known.

- (f) Action Alerts: In the event that SGRM determines that due to (1) an ongoing or anticipated weather event, (2) a known equipment problem, or (3) the anticipated continuation of a current system operational problem, action is necessary to avoid a situation in which the system integrity is jeopardized or SGRM's ability to render firm service is threatened, SGRM may issue an Action Alert as set out herein to forestall the development of the situation.
- (1) Issuance of Alerts: Action Alerts will be noticed in accord with the procedures set forth in Section 5.5(e) and SGRM will endeavor to provide a minimum of four (4) hours notice.
- (2) Action Alerts can be issued to effect any of the following:
- (i) restriction of Interruptible services;
 - (ii) restrictions of deliveries or receipts at specific Point(s) of Receipt or Point(s) of Delivery covered by an Operational Balancing Agreement to the aggregate MDRQ or MDDQ under the Storage Service Agreements for Firm Storage Services whose Primary Point(s) of Delivery/Receipt, which are specified in the Storage Service Agreement, are at the affected locations; and/or
 - (iii) forced balancing such that point operators will be required to assure that nominations equal flows or that receipts and deliveries fall within the tolerance level designated in the Action Alert.
- (g) OFOs: In the event that, in SGRM's judgment, immediate action is required to alleviate conditions which threaten to impair reliable firm service, to maintain operations at the pressures required to provide efficient and reliable service, to have adequate Gas supplies in the system to deliver on demand, to maintain services to all firm Customers and for all firm services, and/or to maintain the system in balance for the foregoing purposes, SGRM may forego the action described in Section 5.5(f) and immediately issue an OFO. In the event that (1) Customer or point operator does not respond to an Action Alert, (2) the actions taken thereunder are insufficient to correct the system problem for which the Action Alert was issued, or (3) there is insufficient time to carry out the procedures with respect to Action Alerts, SGRM may issue an OFO pursuant to this Section 5.5(g) or take unilateral action, including the curtailment of firm service, to maintain the operational integrity of SGRM's system. For purposes of this Section, the operational integrity of SGRM's system shall encompass the integrity of the physical system and the preservation of physical assets and their performance, the overall operating performance of the entire

physical system as an entity, and the maintenance (on a reliable and operationally sound basis) of total system deliverability and the quality of Gas delivered.

- (h) Termination of an Action Alert or OFO: SGRM shall lift any effective Action Alert or OFO promptly upon the cessation of operating conditions that caused the relevant system problem. After SGRM has lifted the Action Alert or the OFO, SGRM shall post a notice on its Internet Website specifying the factors that caused the Action Alert or OFO to be issued and then lifted, to the extent such factors are known. SGRM shall also provide such notification via e-mail communication to those Customers who have submitted a request, and provided e-mail address information for at least one contact person, via SGRM's Internet Website to receive e-mail notification of Critical Notices issued by SGRM.
- (i) Penalties: All quantities tendered to SGRM and/or taken by Customer on a daily basis in violation of an Action Alert or OFO shall constitute unauthorized receipts or deliveries for which the applicable Action Alert or OFO penalty charge stated below shall be assessed.
- (1) Action Alert penalty charge for each Dekatherm of Gas by which Customer deviated from the requirements of the Action Alert shall be equal to an Action Alert Index Price, calculated as 110% of the applicable daily Gas Daily posting for the Florida Gas Index for the Day on which the deviation occurred, multiplied by the quantity by which Customer deviated from the requirements of the Action Alert.
- (2) OFO penalty charge for each Dekatherm of Gas by which Customer deviated from the requirements of the OFO shall be equal to an OFO Index Price, calculated as three (3) times the applicable daily Gas Daily posting for the Florida Gas Index for the Day on which the deviation occurred, multiplied by the quantity by which Customer deviated from the requirements of the OFO.

Any penalty revenue collected by SGRM pursuant to this Section 5.5(i), less any costs incurred by SGRM in an attempt to mitigate an Action Alert or OFO and the resulting penalties, shall be credited to those firm and Interruptible Customers that did not incur Action Alert or OFO penalties pursuant to this Section 5.5(i) in the Month for which Action Alert or OFO penalty revenues were received ("Non-Offending Customers"), based on the ratio of the total charges paid during that Month by the Non-Offending Customer to the sum of the total charges paid during that Month by all Non-Offending Customers. Such credits shall be calculated for each Month of the twelve (12) Month period ending July 31 of each year, and will be included on the Non-Offending Customer's invoice for the Month following the date of the final Commission order approving SGRM's penalty disbursement report; provided, however, that SGRM will calculate and include such credits on Non-Offending Customer's invoices for a period shorter than twelve Months in the event and to the extent that the total accumulated amount of Action Alert or OFO penalty revenue collected pursuant to this Section 5.5(i) by SGRM as of the end of any Month exceeds \$1,000,000. SGRM will file with the Commission a penalty disbursement report within sixty days of July 31 or sixty days after the end of the Month for which revenue collected exceeds \$1,000,000. Any penalty revenue credited to Non-Offending Customers pursuant to this Section shall include interest calculated in accordance with Section 154.501(d) of the Commission's regulations.

- (j) **Liability of SGRM:** SGRM shall not be liable for any costs incurred by any Customer or point operator in complying with an Action Alert or OFO. SGRM shall not be responsible for any damages that result from any interruption in service that is a result of Customer's or point operator's failure to comply promptly and fully with an Action Alert or OFO, and the non-complying Customer or point operator shall indemnify SGRM against any claims of responsibility. However, SGRM shall use reasonable efforts to minimize any such costs or damages.
- (k) **Unilateral Action:** In the event that (1) Customer(s) or point operator(s) does (do) not respond to an OFO, or (2) the actions taken thereunder are insufficient to correct the system problem for which the OFO was issued, or (3) there is insufficient time to carry out the procedures with respect to OFOs, SGRM may take unilateral action, including the curtailment of firm service, to maintain the operational integrity of SGRM's system. For purposes of this Section, the operational integrity of SGRM's system shall encompass the integrity of the physical system and the preservation of physical assets and their performance, the overall operating performance of the entire physical system, as an entity, and the maintenance (on a reliable and operationally sound basis) of total system deliverability and the quality of Gas delivered.

5.6 Scheduled Maintenance and Force Majeure.

- (a) SGRM shall have the right to curtail, interrupt or discontinue service in whole or in part on all or a portion of its facilities from time to time to perform inventory verification processes, repairs, maintenance or improvements of SGRM's facilities as necessary to maintain the operational capability of SGRM's facilities or to comply with applicable regulatory requirements, or to perform construction pursuant to valid Commission authorization. SGRM shall exercise due diligence to schedule inventory verification processes, repairs, maintenance and construction so as to minimize disruptions of service to Customers and shall provide reasonable notice of the same to Customers.
- (b) SGRM shall have the right to curtail, interrupt, or discontinue service in whole or in part on all or a portion of its facilities at any time for reasons of Force Majeure pursuant to GT&C 17.

6.6 GENERAL TERMS AND CONDITIONS – STORAGE OPERATIONS

6. STORAGE OPERATIONS

- 6.1 Customer shall tender or cause to be tendered to SGRM at the Point(s) of Receipt any Gas which Customer desires to have injected into storage plus applicable Fuel Reimbursement volumes. Customer shall also receive or cause to be received Gas requested to be withdrawn from storage at the Point(s) of Delivery.
- 6.2 Subject to the operating conditions then existing on the delivering or receiving pipelines, SGRM shall receive Gas for injection from Customer at the Point(s) of Receipt and deliver Gas to Customer at the Point(s) of Delivery upon nomination and confirmation; provided that SGRM shall not be obligated to receive for injection any quantity of Gas if the injection of the same would cause the quantity of Gas stored for Customer's account to exceed Customer's Maximum Storage Quantity or Maximum Park Quantity, as applicable; nor shall SGRM be obligated at any time to deliver more Gas to Customer than Customer has stored in its Storage Inventory or Park Balance, as applicable, or to receive from Customer more Gas than Customer has outstanding in its Loan Balance.

6.7 GENERAL TERMS AND CONDITIONS – WHEELING OPERATIONS

7. WHEELING OPERATIONS

Customer shall tender or cause to be tendered to SGRM at the Point(s) of Receipt any Gas which Customer desires to have wheeled plus applicable Fuel Reimbursement volumes. Customer shall also receive or cause to be received Gas requested to be wheeled at the Point(s) of Delivery.

6.8 GENERAL TERMS AND CONDITIONS – NOMINATIONS AND SCHEDULING

8. NOMINATIONS AND SCHEDULING

- 8.1 During any Day when Customer desires SGRM to inject, withdraw, park, loan, balance or wheel Gas, Customer shall submit a nomination to SGRM via the Internet Web Site that includes, but is not limited to, the following information: quantity, flow period, upstream transportation contract number(s) and/or downstream transportation contract number(s), Point(s) of Receipt and/or Point(s) of Delivery, Customer name and Storage Service Agreement number, and Customer's authorized employee name and telephone number. All nominations shall be based on a daily quantity in Customer's Storage Service Agreement.

All nominations shall include Customer defined begin dates and end dates. All nominations, excluding Intraday Nominations, have rollover options. Specifically, Customers have the ability to nominate for several Days, Months, or years, provided the nomination begin and end dates are within the term of Customer's Storage Service Agreement.

Authorized Injection Overrun Gas and Authorized Withdrawal Overrun Gas quantities shall be requested on separate transactions.

- 8.2 SGRM will accept nominations for service as follows:

- (a) Next Day Service. The nomination timeline on the Day prior to the Day of Gas flow shall be the following:

1:00 p.m.	Nominations leave control of Customer
1:15 p.m.	Nominations are received by SGRM (including from Title Transfer Tracking Service Providers ("TTTSPs"))
1:30 p.m.	SGRM sends the Quick Response to Customer
4:30 p.m.	SGRM receives completed confirmations from Confirming Parties
5:00 p.m.	Customer and Point Operator receive scheduled quantities from SGRM

The sending party shall adhere to nomination, confirmation, and scheduling deadlines. It is the party receiving the request that has the right to waive the deadline.

- (b) Intraday Nominations. Any nomination received during a Day for the same Day of Gas flow, or any nomination received after the nominations deadline set forth in Section 8.2(a) above for the following Day flow shall be an Intraday Nomination. Intraday Nominations may be used to request increases or decreases in total flow, changes to Point(s) of Receipt, or changes to Point(s) of Delivery of scheduled Gas. Intraday Nominations do not roll over (i.e. Intraday Nominations span one (1) Day only). Intraday Nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if an Intraday Nomination modifies an existing nomination. Intraday Nominations may be used to nominate new injections or withdrawals. All nominations, including Intraday Nominations, shall be based on a daily quantity; thus, an Intraday nominator need not submit an hourly nomination. Intraday Nominations shall include an effective date and time. The interconnected parties shall agree on the hourly flows of the Intraday Nomination, if not otherwise addressed in Transporter's contract or tariff.

In the event Customer does not submit a timely nomination or desires to alter an existing nomination, Customer shall have the right to submit an Intraday Nomination to revise Customer's scheduled quantities, Point(s) of Receipt and/or Point(s) of Delivery on a prospective basis prior to the end of the Day; provided, however, that such Intraday Nomination will be processed after all timely nominations have been scheduled. Such Intraday Nomination shall be implemented by SGRM to the extent and only to the extent that SGRM determines that such Intraday Nominations will not interfere with the efficient operation of SGRM's system and SGRM is able to confirm the receipt and delivery of such Gas at the Point(s) of Receipt and Point(s) of Delivery.

- (c) Elapsed-Prorated-Scheduled Quantity. With respect to Intraday Nominations for reductions in previously scheduled quantities, SGRM may accept any confirmed quantity, down to and including zero (0), for such Intraday Nomination, provided, however, if such Intraday Nomination requires confirmation from an upstream and/or downstream interconnected pipeline, then any Intraday Nomination to reduce previously scheduled quantities will be subject to, and limited to, the reduced quantity confirmed by such upstream and/or downstream interconnected pipeline.
- (d) Nominations will be processed for scheduling in the order in which they were received, by priority level as described in GT&C 5. Nominations received after nomination deadline shall be scheduled after the nominations received before the nomination deadline.
- (e) Notices provided under this Section 8.2 must be submitted via SGRM's Internet Web Site, unless another method is agreed to between SGRM and Customer. Customer shall provide notice of any changes in deliveries to or receipt from SGRM to all transporters and shall be responsible for, and shall hold SGRM harmless from, any and all liabilities and expense resulting from any such changes, unless the added expense is due to the negligence of SGRM.
- (f) Minimum NAESB Nomination Standards. In the event the more flexible nomination procedures set forth in Section 8.2(b) above are inapplicable for any reason, nominations shall be submitted and processed in accordance with the minimum standards set forth in this Section 8.2(f). SGRM shall support the following standard nomination cycles:

- (i) The Timely Nomination Cycle

On the day prior to gas flow:

- 1:00 p.m. Nominations leave control of Customer
- 1:15 p.m. Nominations are received by SGRM (including from Title Transfer Tracking Service Providers ("TTTSPs"))
- 1:30 p.m. SGRM sends the Quick Response to Customer
- 4:30 p.m. SGRM receives completed confirmations from Confirming Parties
- 5:00 p.m. Customer and Point Operator receive scheduled quantities from SGRM

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day.

- (ii) The Evening Nomination Cycle

On the day prior to gas flow:

- 6:00 p.m. Nominations leave control of Customer
- 6:15 p.m. Nominations are received by SGRM (including from TTTSPs)
- 6:30 p.m. SGRM sends the Quick Response to Customer
- 8:30 p.m. SGRM receives completed confirmations from Confirming Parties
- 9:00 p.m. SGRM provides scheduled quantities to the affected Customer and Point Operator, including bumped parties (notice to bumped parties)

Scheduled quantities resulting from Evening Nominations should be effective at the start of the next Gas Day.

(iii) The Intraday 1 Nomination Cycle

On the current Gas Day:

- 10:00 a.m. Nominations leave control of Customer
- 10:15 a.m. Nominations are received by SGRM (including from TTTSPs)
- 10:30 a.m. SGRM sends the Quick Response to Customer
- 12:30 p.m. SGRM receives completed confirmations from Confirming Parties
- 1:00 p.m. SGRM provides scheduled quantities to the affected Customer and Point Operator, including bumped parties (notice to bumped parties)

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day.

(iv) The Intraday 2 Nomination Cycle

On the current Gas Day:

- 2:30 p.m. Nominations leave control of Customer
- 2:45 p.m. Nominations are received by SGRM (including from TTTSPs)
- 3:00 p.m. SGRM sends the Quick Response to Customer
- 5:00 p.m. SGRM receives completed confirmations from Confirming Parties
- 5:30 p.m. SGRM provides scheduled quantities to the affected Customer and Point Operator, including bumped parties (notice to bumped parties)

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day.

(v) The Intraday 3 Nomination Cycle

On the current Gas Day:

- 7:00 p.m. Nominations leave control of Customer
- 7:15 p.m. Nominations are received by SGRM (including from TTTSPs)
- 7:30 p.m. SGRM sends the Quick Response to Customer
- 9:30 p.m. SGRM receives completed confirmations from Confirming Parties
- 10:00 p.m. SGRM provides scheduled quantities to the affected Customer and Point Operator

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

For purposes of (ii), (iii), (iv), and (v) above, the word “provides” 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.

- 8.3 Customer shall make available and tender any Gas to be injected or wheeled hereunder and receive and accept delivery, upon tender by SGRM, any Gas requested to be withdrawn from storage or wheeled. The quantity of Gas stored for the account of Customer shall be increased or decreased upon injection or withdrawal of Gas from storage, as applicable. Customer shall not (unless otherwise agreed by SGRM) receive or deliver Gas, nor shall SGRM be obligated to receive Gas or deliver Gas on an hourly basis at rates of flow in excess of 1/24 of Customer’s MDIQ, MDRQ, MDWQ, MDDQ, or MDTQ, as applicable. As determined by SGRM in its sole and reasonable judgment, hourly flow rates above 1/24 of Customer’s MDIQ, MDRQ, MDWQ, MDDQ, or MDTQ may be permitted.

6.9 GENERAL TERMS AND CONDITIONS –
POINT(S) OF RECEIPT AND POINT(S) OF DELIVERY

9. POINT(S) OF RECEIPT AND POINT(S) OF DELIVERY

- 9.1 Point(s) of Receipt. Customer shall tender all Gas for wheeling or injection into storage to SGRM at the Point(s) of Receipt as specified in Customer's Storage Service Agreement. The quantity of Gas tendered by Customer to SGRM for wheeling or injection into storage shall (i) not exceed at each Point of Receipt the MDTQ or MDRQ, as applicable, for such Point of Receipt in effect from time to time, or (ii) not exceed the MDIQ plus the applicable Fuel Reimbursement at all Point(s) of Receipt in effect from time to time, without the consent of SGRM.
- 9.2 Point(s) of Delivery. SGRM shall tender all Gas to be wheeled or withdrawn from storage to Customer at the Point(s) of Delivery as specified in Customer's Storage Service Agreement. The quantity of Gas delivered to Customer shall (i) not exceed at each Point of Delivery the MDTQ or MDDQ, as applicable, for such Point of Delivery in effect from time to time, or (ii) not exceed the MDWQ at all Point(s) of Delivery in effect from time to time, without the consent of SGRM.
- 9.3 Transportation Guidelines. For each Point of Receipt and Point of Delivery, the interconnected Transporter's rules, guidelines, operational procedures and policies, as they may be changed from time to time, shall define and control the manner in which Gas is delivered or received. SGRM and Customer each agree to provide to the other, in as prompt a manner as reasonable, all information necessary to permit scheduling pursuant to such requirements. In addition, SGRM will not be required to begin wheeling, injections or withdrawals for a Customer's account unless and until the data required for nominations, provided for in Section 8, have been confirmed by the applicable Transporter to SGRM's Gas dispatcher.
- 9.4 Point Imbalances. In the event there is an imbalance at an interconnection point, the imbalance will be netted against an applicable agreement between SGRM and Transporter.
- 9.5 Measurement. Customer and SGRM agree that the quantity of Gas delivered hereunder shall be measured by SGRM in accordance with the Transporter's pipeline tariff applicable to each Point of Delivery/Receipt, and, as such, may be allowed to fluctuate within the applicable measurement or flow tolerances on a daily and Monthly basis.
- 9.6 Costs and Penalties. Customer shall hold SGRM harmless for all costs and penalties which may be assessed by Transporter(s) under Customer's transportation agreement(s) with Transporter(s), unless the costs and penalties are due to the negligence of SGRM. Customer and SGRM shall cooperate with each other and with the Transporter(s) to verify delivery and receipt of the volumes of Gas delivered hereunder on a timely basis.
- 9.7 Downstream and Upstream Transportation. Customer shall be responsible for transportation from the Point(s) of Delivery and payment of all transportation charges relating thereto. Customer shall be responsible for transportation to the Point(s) of Receipt and payment of all transportation charges relating thereto.

6.10 GENERAL TERMS AND CONDITIONS – QUALITY

10. QUALITY

- 10.1 Specifications. The Gas delivered by either party to the other hereunder shall meet the quality specifications of the Transporter which receives or delivers such Gas at the Point of Receipt or Delivery, as applicable, and, unless such Transporter's quality specifications are more stringent, shall be of such quality that it shall meet at least the following specifications:
- (a) Be commercially free from objectionable odors, dirt, dust, iron particles, gums, gum-forming constituents, gasoline, PCBs, and other solid and/or liquid matter, including but not limited to water, Gas treating chemicals and well completion fluids and debris, which may become separated from the Gas during the transportation thereof.
 - (b) Contain not more than one fourth (1/4) of one grain of hydrogen sulfide per one hundred (100) cubic feet, as determined by the cadmium sulfate quantitative test, nor more than twenty (20) grains of total sulfur per one hundred (100) cubic feet.
 - (c) The Gas delivered hereunder shall not contain more than two-tenths of one percent (0.2%) by volume of oxygen, shall not contain more than three percent (3%) by volume of carbon dioxide, shall not contain more than three percent (3%) by volume of nitrogen, and shall not contain a combined total of carbon dioxide and nitrogen components of more than four percent (4%) by volume.
 - (d) Have a heating value of not less than nine hundred and sixty-seven (967) Btus per cubic feet and not more than eleven hundred (1100) Btus per cubic feet.
 - (e) Have a temperature of not more than 120 degrees Fahrenheit (120 degrees F), nor less than forty degrees Fahrenheit (40 degrees F).
 - (f) Have been dehydrated by the tendering party, by any method other than the use of a calcium chloride as desiccant, for removal of entrained water in excess of seven (7) pounds of water per million (1,000,000) cubic feet of Gas as determined by dew-point apparatus approved by the Bureau of Mines or such other apparatus as may be mutually agreed upon.
- 10.2 Rejection of Gas. Either party shall be entitled to reject any Gas tendered to it by the other party which does not meet the minimum specifications of Section 10.1 hereunder. Acceptance of such Gas does not constitute any waiver of SGRM's right to refuse to accept similarly nonconforming Gas.

6.11 GENERAL TERMS AND CONDITIONS – PRESSURE AT POINT(S) OF RECEIPT AND DELIVERY

11. PRESSURE AT POINT(S) OF RECEIPT AND DELIVERY

Unless otherwise agreed by the parties as set forth in Customer's Storage Service Agreement, Customer shall cause the Gas to be delivered at Point(s) of Receipt at a pressure sufficient to allow the Gas to enter SGRM's system at the varying pressures that may exist in such system from time to time; provided, however, that such pressure of the Gas delivered or caused to be delivered by Customer shall not exceed the MAOP of SGRM's facilities at the Point(s) of Receipt. In the event the MAOP of SGRM's system, at the Point(s) of Receipt hereunder, is from time to time increased or decreased, then the MAOP applicable to the Gas delivered or caused to be delivered by Customer to SGRM at the Point(s) of Receipt shall be correspondingly increased or decreased upon notification by SGRM to Customer.

Unless otherwise agreed by the parties as set forth in Customer's Storage Service Agreement, SGRM shall cause the Gas to be delivered at the Point(s) of Delivery at the varying pressures that may exist in SGRM's system from time to time.

SGRM may agree on a nondiscriminatory basis to minimum and maximum pressure provisions. Any such pressure requirement(s) shall be set forth in the Customer's Storage Service Agreement, and shall not constitute a non-conforming term in the Storage Service Agreement.

6.12 GENERAL TERMS AND CONDITIONS – TITLE AND RISK OF LOSS

12. TITLE AND RISK OF LOSS

- 12.1 Customer warrants for itself, its successors and assigns, that it will have at the time of delivery of Gas for injection, storage, parking, wheeling, balancing or loan repayment hereunder either good title to or the legal right to the Gas. Customer warrants for itself, its successors and assigns, that the Gas it delivers hereunder shall be free and clear of all liens, encumbrances, or claims whatsoever, and that Customer will indemnify SGRM and save it harmless from all claims, suits, actions, damages, costs and expenses arising directly or indirectly from or with respect to the title and/or right to Gas tendered to SGRM hereunder. Title to Gas under all Rate Schedules other than Rate Schedule IL and Gas loaned under Rate Schedule IB, shall remain at all times with Customer. Title to Gas loaned under Rate Schedules IL and IB shall pass from SGRM to Customer when loaned Gas is delivered for Customer's account to a Point of Delivery and title shall pass from Customer to SGRM when loaned Gas is returned by Customer to a Point of Receipt.
- 12.2 As between Customer and SGRM, (i) Customer shall be deemed to be in control and possession of the Gas prior to delivery to SGRM for wheeling, parking, storage, balancing, or injection at the Point(s) of Receipt and after redelivery by SGRM to Customer at the Point(s) of Delivery, and shall indemnify and hold SGRM harmless from any damage or injury caused thereby, and (ii) SGRM shall be deemed to be in control and possession of the Gas after the receipt of Gas at the Point(s) of Receipt and until SGRM's redelivery of an equivalent quantity of Gas, less fuel, to Customer at the Point(s) of Delivery, and shall indemnify and hold Customer harmless from any damage or injury caused thereby, except for damages and injuries caused by the sole negligence of Customer. Notwithstanding anything to the contrary set forth in this Section 12.2, the risk of loss of any quantity of Gas wheeled through, injected into, parked, balanced, stored in and/or withdrawn shall remain with Customer, and SGRM shall not be liable to Customer for any loss of Gas, except as may be the consequence of the intentional or negligent acts or omissions of SGRM. Any losses of Gas, unless resulting from the intentional or negligent acts or omissions of SGRM, shall be apportioned among and shared proportionally by all Customers, based on each Customer's Storage Inventory or Customer's Gas otherwise in SGRM's control and possession; provided that losses of Gas stored under Rate Schedules FSS, SFS, ISS, IP and IB to which insurance coverage under GT&C 16 applies shall be apportioned among such Customers on the basis of the percentage which each Customer's Storage Inventory as of the Day immediately preceding the Day on which a loss occurs bore to the total amount of Gas in the Storage Inventories of all Customers subject to insurance coverage on such Day.

6.13 GENERAL TERMS AND CONDITIONS – MEASUREMENT

13. MEASUREMENT

- 13.1 The unit of volume for measurement of all quantities of Gas received, delivered, injected, withdrawn, stored, wheeled, balanced, parked or loaned by SGRM hereunder shall be one (1) cubic foot of Gas at the base temperature of sixty degrees Fahrenheit (60 degrees F) and at an absolute pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch and dry. All fundamental constants, observations, records, and procedures involved in determining and/or verifying the quantity and other characteristics of Gas delivered hereunder shall, unless otherwise specified herein, be in accordance with the standards prescribed in Report No. 3 of the American Gas Association, as now in effect and from time to time amended or supplemented. All measurements of Gas shall be determined by calculation into terms of such unit. All quantities given herein, unless expressly stated otherwise, are in terms of such unit of volume. Notwithstanding the foregoing, it is agreed that, for all purposes, the Btu content of the Gas received and delivered by SGRM hereunder shall be measured on a “dry” basis rather than a fully saturated or “wet” basis. For Gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, 15 degrees C, and dry.
- 13.2 SGRM shall install, maintain and operate, or cause to be installed, maintained and operated, the measurement facilities required hereunder. Said measurement facilities shall be so equipped with meters, recording gauges, chromatographs or other types of related and/or similar equipment of standard make and design commonly acceptable in the industry, as to accomplish the accurate measurement of Gas delivered hereunder. The retrieval of data and calibrating and adjustment of meters shall be done by SGRM or its agent.

6.14 GENERAL TERMS AND CONDITIONS – BILLINGS AND PAYMENTS

14. BILLINGS AND PAYMENTS

- 14.1 Invoice. Not later than the ninth (9th) Business Day of each month, SGRM shall provide Customer (including a Replacement Customer) an invoice and any required backup data (which may be transmitted by electronic means or by posting invoices on its Internet Web Site), setting forth (i) the charges due for the previous Month; (ii) the total quantity of Gas, stated in Dekatherms, received from and delivered to Customer hereunder during the preceding Month(s), with applicable Point(s) of Receipt and Point(s) of Delivery properly identified, and the amount due; and if applicable; (iii) the amount of Customer's Gas in storage as of the close of the preceding Month and information sufficient to explain and support any adjustments made by SGRM in determining the amount billed. If actual quantities are not available by the ninth (9th) Business Day of the month, SGRM may invoice based on best available data subject to adjustment to actual at a later date. Quantities at points where Operational Balancing Agreements exist shall be invoiced based on scheduled quantities.
- 14.2 Application of Payments for Released Capacity. Payments to SGRM by a Replacement Customer for released capacity shall be applied as follows: (i) SGRM shall retain amounts equal to the Replacement Customer's usage charges; (ii) SGRM will credit the balance to reservation charges due from the Replacement Customer; and (iii) SGRM shall remit the remaining balance, if any, or shall charge any balance due, to the Replacement Customer, in accordance with GT& C 4.10. If any balance due from the Replacement Customer remains unpaid, the outstanding balance will then be billed to the Releasing Customer, provided that the Releasing Customer is only liable to the extent of the Reservation Charges specified in the applicable Storage Service Agreement and corresponding Rate Schedule.
- 14.3 Payment. Customer shall pay SGRM by wire transfer the full amount reflected on the invoice within fifteen (15) days of the date of the invoice or by the 25th of the month, whichever is later. If the payment due date falls upon a weekend or legal holiday, then such payment is due on the next Business Day following the payment due date. Party making payment should submit supporting documentation; party receiving payment should apply payment per supporting documentation provided by the paying party; and if payment differs from invoiced amount, remittance detail should be provided with the payment except when payment is made by electronic funds transfer (EFT), in which case, the remittance detail is due within two (2) Business Days of the payment due date. In the event Customer fails to forward the entire undisputed amount due to SGRM when same is due, interest on the unpaid portion shall accrue at the same rate of interest and in the same manner as prescribed for pipeline refunds as set forth in Section 154.501(d) of the Commission's regulations under the Natural Gas Act from the date such payment is due until the same is paid. If Customer's failure to pay the undisputed portion of any invoice rendered hereunder continues beyond thirty (30) days after the due date of such invoice, then SGRM, in addition to all other legal remedies available to it, shall have the right and option to suspend further deliveries of Gas until such default shall have been cured. If Customer's failure to pay the undisputed portion of any invoice rendered hereunder continues beyond sixty (60) days after the due date of such invoice, then SGRM, in addition to all other legal remedies available to it, shall have the right and option to terminate service hereunder.
- 14.4 Billing Error. If an error is discovered in any billing, such error shall be adjusted within thirty (30) days of the determination thereof. If a dispute arises as to the amount payable in any invoice rendered hereunder, Customer shall nevertheless pay when due the amount not in dispute under such invoice and provide documentation identifying basis for the dispute. Such payment shall not be deemed to be a waiver of the right by Customer to recoup any overpayment, nor shall acceptance of any payment be deemed to be a waiver of the right by Customer to recoup any

overpayment, nor shall acceptance of any payment be deemed to be a waiver by SGRM of any underpayment.

- 14.5 **Billing Disputes.** If Customer withholds payment of any disputed amount as authorized herein, Customer shall within ten (10) days after the due date of the disputed invoice submit to SGRM a written explanation of the dispute and any available supporting documentation. The parties shall then cooperate in good faith to resolve such dispute as expeditiously as possible, and the portion, if any, of such disputed amount eventually determined to be due shall bear interest at the rate stated in Section 14.4 above from the original due date until the date actually paid.
- 14.6 **Right to Audit.** Both SGRM and Customer shall have the right at their own expense to examine and audit at any reasonable time the books, records (including measurement, billing and payment) and charts of the other to the extent necessary to verify the accuracy of any statements or charges made under or pursuant to any of the provisions of Customer's Storage Service Agreement. Upon request, Customer shall also make available to SGRM for audit purposes any relevant records of the Transporters to which Customer has access. A formal audit of accounts shall not be made more often than once each Contract Year. Any inaccuracy will be promptly corrected when discovered; provided, however, that neither SGRM nor Customer shall be required to maintain books, records or charts for a period of more than two (2) Contract Years following the end of the Contract Year to which they are applicable. Neither SGRM nor Customer shall have any right to question or contest any charge or credit if the matter is not called to the attention of the other in writing within two (2) years after the end of the Contract Year in question.
- 14.7 SGRM may waive any de minimis payment obligations or late payment charges accruing under this Section 14 to the extent SGRM determines that the administrative costs associated with collecting such charges exceed the amount(s) due.

6.15 GENERAL TERMS AND CONDITIONS – TAXES

15. TAXES

If at any time SGRM is required to remit any taxes assessed on the Gas pursuant to Customer's Storage Service Agreement, then SGRM shall have the right to collect from Customer such taxes, including any penalties and interest. Customer agrees to reimburse SGRM for the taxes assessed on the Gas, including any penalties and interest, within fifteen (15) days of the date of invoice from SGRM. Customer shall furnish SGRM information, satisfactory to SGRM, to enable SGRM to comply with any reporting requirements imposed by any local, state or federal government and agencies. Customer recognizes that SGRM may be required to file federal, state and local tax returns or respond to inquiries by federal, state and local tax authorities and Customer agrees to furnish SGRM with adequate information pertaining to the taxation on Customer's Gas.

6.16 GENERAL TERMS AND CONDITIONS - INSURANCE

16. INSURANCE

As an accommodation to Customers under Rate Schedules FSS, SFS, ISS, IP and IB, SGRM shall be responsible for obtaining for the benefit of such Customers insurance coverage against casualty events that result in the loss of Gas held in storage in the SGRM storage facility, provided that such insurance coverage is available to SGRM on commercially reasonable terms. Insurance coverage for Customers under Rate Schedules FSS, SFS, ISS, IP and IB shall be an option available to such Customers at their election. SGRM and each Customer shall agree whether or not insurance coverage shall apply to Customer's Storage Inventory during the negotiation of Customer's Storage Service Agreement. Whether or not Customer's agreement includes insurance coverage shall be indicated using the spaces provided on Customer's Storage Service Agreement. If a Customer's Storage Service Agreement indicates that SGRM shall provide insurance coverage, the negotiated, market-based rates set forth in Customer's Storage Service Agreement shall be deemed to cover the cost of such insurance coverage. Unless Customer's Storage Service Agreement expressly indicates that SGRM shall provide insurance coverage, SGRM shall have no obligation to obtain insurance coverage for Customer's benefit and Customer shall be responsible for providing its own insurance coverage with respect to Gas it tenders for storage and has stored in the SGRM's Facility.

SGRM's undertaking to obtain such insurance coverage shall not be deemed to shift the risk of loss of Customers' Gas in storage to SGRM. SGRM shall use commercially reasonable efforts from time to time to identify each applicable Customer under Rate Schedules FSS, SFS, ISS, IP and IB as a named insured under any insurance policy or policies obtained pursuant to this Section 16. Customer's recovery of the proceeds of any insurance payment made in respect of a casualty event involving the loss of Gas held in storage shall be limited to Customer's allocable share of the proceeds of insurance paid over to SGRM, such share to be determined in accordance with the provisions of GT&C12.2. The payment of any claim under insurance procured by SGRM shall be based upon the terms of the insurance policies, and the Force Majeure provisions of SGRM's Tariff shall not be invoked to excuse payment of any claim allowable under the terms of the insurance policies. SGRM shall make insurance policy(ies) obtained from time to time pursuant to this Section 16 available to Customers electing to have SGRM acquire insurance for their benefit for review upon Customer's reasonable request.

Any Customer that has contracted for service under Rate Schedules FSS, SFS, ISS, IP and IB prior to September 3, 2016 shall be deemed to have contracted for the insurance coverage described in this Section as if Customer had so elected to include such insurance coverage using the applicable Exhibit to its Service Agreement.

6.17 GENERAL TERMS AND CONDITIONS – FORCE MAJEURE AND RESERVATION CHARGE CREDITS

17. FORCE MAJEURE AND RESERVATION CHARGE CREDITS

17.1.

- (a) **Effect of Force Majeure.** In the event SGRM is rendered unable, wholly or in part, by reason of an event of Force Majeure, as defined herein, to perform, wholly or in part, any obligation or commitment under Customer's Storage Service Agreement, SGRM shall provide notice and full particulars of such Force Majeure event on its Internet Web Site within seventy-two (72) hours after the occurrence of the cause relied on, or in such time and manner that is reasonable under the circumstances or conditions, and the obligations of SGRM shall be suspended to the extent that SGRM's ability to perform such obligations is affected by such Force Majeure event and for the period of such Force Majeure condition, but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch.
- (b) **Force Majeure and Obligation to Pay/Credit Reservation Charges.** A Customer taking firm service under Rate Schedule FSS shall not be relieved of its obligation to pay Reservation Charges specified in such firm Rate Schedules due to an event of Force Majeure and SGRM shall include the full amount of such Reservation Charges on Customer's invoice for any Month in which an event of Force Majeure shall have occurred, provided, however, that SGRM shall calculate credits against Customer's Reservation Charges payable under Rate Schedules FSS and its Storage Service Agreement to reflect any reduction in SGRM's ability to render firm services resulting from an event of Force Majeure declared by SGRM and shall include such credits on the firm Customer's invoice for the next succeeding Month, in accordance with Section 17.1(c).
- (c) **Calculation of Credits Against Reservation Charges.** For each Day on which SGRM is unable to schedule or deliver all of Customer's nominated primary firm service under Rate Schedule FSS, SGRM shall calculate credits against Customer's Reservation Charges payable under Customer's Firm Storage Service Agreement under Rate Schedule FSS; provided, that SGRM shall not be required to provide Reservation Charge credits during the first ten (10) Days of non-scheduling or non-delivery due to an event of Force Majeure declared by SGRM or a PHMSA Event (as defined in this section below) and; provided further, SGRM shall not be required to provide Reservation Charge credits for non-scheduling or non-delivery that is solely the result of Customer's conduct or the result of actions or inactions by pipeline Transporters that are not controllable by SGRM. Reservation charge credits will not be provided to the extent that Customer utilizes secondary points on SGRM's system. For purposes of this Section 17.1(c), the term "PHMSA Event" shall refer to any testing, repair, replacement, refurbishment, or maintenance activity including scheduled maintenance that is commenced prior to December 31, 2017, to comply with Section 60139(c) of Chapter 601 of Title 49, as added by section 23 of the Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011 or requirements issued by the Pipeline and Hazardous Materials Safety Administration ("PHMSA") pursuant to Section 60139(c).

In the event that SGRM is rendered unable wholly or in part by a PHMSA Event to carry out its obligations under a Firm Storage Service Agreement under Rate Schedule FSS, other than to provide demand charge credits thereunder, it is agreed that SGRM shall give notice of the circumstances of the PHMSA Event in writing or by electronic means to Customer as soon as possible. SGRM's notice will identify the specific PHMSA order or requirement with which SGRM is complying. The obligations of SGRM shall be suspended during the continuance of any inability so caused but for no longer period than

such inability, and such cause shall as far as possible be remedied with all reasonable dispatch.

SGRM shall calculate Reservation Charge Credits for each applicable Day for Customer's nominated primary firm service quantities that SGRM is unable to schedule or deliver using the following formulae:

Non-delivery/non-scheduling of a firm Customer's injections:

$$\text{Reservation Charge Credit} = (\text{RC divided by \#Days}) \text{ multiplied by } (\text{NNIQ divided by MDIQ})$$

Non-delivery/non-scheduling of a firm Customer's withdrawals:

$$\text{Reservation Charge Credit} = (\text{RC divided by \#Days}) \text{ multiplied by } (\text{NNWQ divided by MDWQ})$$

Where:

RC = The Customer's Reservation Charges for the Month, calculated using the rates set forth in Customer's Storage Service Agreement.

#Days = The number of Days in the Month.

NNIQ = The Non-delivery/Non-scheduling Nominated Injection Quantity, which shall be the quantity of Customer's nominated injections actually not scheduled or not delivered on each Day in the Month by SGRM.

NNWQ = The Non-delivery/Non-scheduling Nominated Withdrawal Quantity, which shall be the quantity of Customer's nominated withdrawals actually not scheduled or not delivered on each Day of the Month by SGRM.

MDIQ = The firm Customer's Maximum Daily Injection Quantity, as set forth in its Storage Service Agreement.

MDWQ = The firm Customer's Maximum Daily Withdrawal Quantity, as set forth in its Storage Service Agreement.

- 17.2 Nature of Force Majeure. The term "Force Majeure" as employed herein and in Customer's Storage Service Agreement(s) shall mean any cause, whether of the kind enumerated herein or otherwise, not reasonably within the control of SGRM, such as acts of God; strikes, lockouts and industrial disputes or disturbances; inability to secure or delays in obtaining labor, materials, supplies, permits, easements or rights-of-way, including inability to secure materials by reason of allocations promulgated by authorized governmental agencies; arrests and restraints of governments and people; failure of third-party transportation not caused by acts or omissions of SGRM; one-time, nonrecurring unplanned or unscheduled interruptions caused by government or court orders and/or present and future valid orders, decisions or rulings of any government or regulatory entity having proper jurisdiction; acts of the public enemy; vandalism; wars; riots; civil disturbances; sabotage or terrorism; blockades; insurrections; epidemics; landslides; lightning; tornadoes; hurricanes; earthquakes; fires; storms; floods; washouts; inclement weather which necessitates extraordinary measures and expense to maintain operations; explosions; breakage, and/or accidents to plant facilities including machinery, lines of pipe, and/or accidents to wells or subsurface storage caverns or reservoirs; unplanned or unscheduled testing (as required by one-time, non-recurring governmental requirements); mechanical or geomechanical changes or

physical failure that affects the ability to operate storage facilities or a cavern(s) and the making of repairs or alterations to pipelines, storage, and plant facilities including Transporter's(s') pipeline repairs. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of SGRM, and that the above requirements that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of opposing party when such course is inadvisable in the discretion of SGRM.

6.18 GENERAL TERMS AND CONDITIONS – NOTICES

18. NOTICES

Any notice, request, demand, or statement provided for in SGRM's Tariff, except as otherwise herein provided, or as mutually agreed upon by Customer and SGRM, shall be given in writing and either delivered in person, by United States Mail, overnight courier service, or via e-mail to the parties at the addresses shown in Customer's Storage Service Agreement or at such other addresses as may hereafter be furnished to the other party in writing. An e-mail shall be considered to be "sent" when it enters the information processing system that the recipient has designated or uses for the purpose of receiving electronic records or information of the type sent and from which the recipient is able to retrieve the electronic record, is sent to the e-mail address designated by the recipient for such communications, and is in a form capable of being processed by that system. It is Customer's responsibility to notify SGRM of any changes to Customer's notification phone numbers and e-mail addresses on a timely basis. SGRM is not responsible for any lapse of communication due to Customer's failure to provide accurate contact information on a timely basis.

6.19 GENERAL TERMS AND CONDITIONS – FUEL REIMBURSEMENT

19. FUEL REIMBURSEMENT

- 19.1 Categories of Fuel Usage. The two general categories of fuel usage are: (1) Direct Fuel Usage, consisting of compression fuel (including electricity), dehydration fuel, and line heating fuel; and (2) Indirect Fuel Usage, consisting of fuel that is consumed on site to generate electricity, heat SGRM's Facility (if any), and fuel SGRM vehicles. Fuel Reimbursement charges are intended to compensate SGRM for these categories of fuel usage and for lost and unaccounted for Gas volumes to the extent required for the operation and maintenance of SGRM's Facility.
- 19.2 Fuel Reimbursement. Fuel Reimbursement shall be calculated separately for each Storage Service Agreement. Each Fuel Reimbursement charge shall be negotiated by SGRM and Customer such that reimbursement of fuel shall be paid as a \$/Dth usage charge and/or in-kind percentage of each Dth tendered by Customer to SGRM, as set forth in Customer's Storage Service Agreement(s).

6.20 GENERAL TERMS AND CONDITIONS – GAS TITLE TRANSFERS

20. GAS TITLE TRANSFERS

20.1 Title Transfers of Gas in Storage:

- (a) A Customer that has entered into a Storage Service Agreement under Rate Schedules FSS, SFS, ISS, IP, or IB may transfer some or all of its Storage Inventory to any other Customer that has a Storage Service Agreement to become part of such other Customer's Storage Inventory if:
 - (1) Customer transferring Storage Inventory and Customer receiving the Storage Inventory shall both execute a Title Transfer Form, as such form is posted on SGRM's Internet Web Site and amended from time to time, identifying the details of the title transfer transaction and submit such executed Title Transfer Form to SGRM;
 - (2) The transfer does not cause receiving Customer to exceed its MSQ or MPQ, as applicable and as specified in Customer's Storage Service Agreements, or cause transferring Customer's Storage Inventory balance to go below zero (0); and
 - (3) The transfer would not result in an increase in the service obligations of SGRM or cause operational difficulties and such increase or operational difficulties would, in the reasonable judgment of SGRM, impair the ability of SGRM to meet all of its other service obligations of equal or higher priority.
- (b) SGRM will recognize the transfer on a prospective basis within one (1) Business Day after it receives the executed Title Transfer Form.
- (c) For each title transfer of Gas performed under this Section, each Customer shall pay the Title Transfer charge as agreed upon by each Customer and SGRM and set forth on the Title Transfer Form.
- (d) The foregoing rules governing transfers of Storage Inventory shall also apply to requests to transfer Storage Inventory among Customer's Storage Service Agreements.

20.2 Title Transfers of Gas

- (a) Transfers of title between Customers and/or Storage Service Agreements under which Gas is delivered to SGRM, withdrawn from SGRM's storage or wheeled on SGRM's system may be permitted by SGRM at Point(s) of Receipt and Point(s) of Delivery or on SGRM's system on an Interruptible basis pursuant to a Title Transfer Form.
- (b) Requests for such transfers shall be made in accordance with the nomination procedures set forth in GT& C 8. SGRM shall not unreasonably withhold approval of such transfers.
- (c) For each title transfer nominated by Customer under Section 20.2(b) herein, Customer shall pay the gas title transfer charge set forth on the Title Transfer Form.

6.21 GENERAL TERMS AND CONDITIONS – PENALTIES

21. PENALTIES

- 21.1 A Customer shall be liable for and shall be required to reimburse SGRM for all penalties, charges and fees which SGRM is required to pay to Transporter(s) as a consequence of Customer's actions. The recovery of such penalty amounts shall be on an as-billed basis.
- 21.2 In addition to the payment of the penalties set forth in Section 21.1 herein, the responsible Customer shall also be liable for, and shall reimburse SGRM, for all costs incurred by SGRM as a consequence of such Customer's actions.

6.22 GENERAL TERMS AND CONDITIONS –
TRANSMISSION PROVIDER STANDARDS OF CONDUCT

22. TRANSMISSION PROVIDER STANDARDS OF CONDUCT

SGRM does not meet FERC's definition of a "Transmission Provider" (18 C.F.R. § 358.3(k)(3)) because it is a natural gas storage provider authorized to charge market-based rates. Therefore, SGRM is not required to comply with FERC's Transmission Provider Standards of Conduct, as promulgated in Order Nos. 717, *et al.* and codified at 18 C.F.R. Part 358.

6.23 GENERAL TERMS AND CONDITIONS –NORTH AMERICAN ENERGY STANDARDS BOARD

23. NORTH AMERICAN ENERGY STANDARDS BOARD

Compliance with 18 C.F.R. Section 284.12

SGRM has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.1, which are required by the Commission in 18 C.F.R. 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.

Standards not Incorporated by Reference and their Location in the Tariff:

<u>NAESB Standard</u>	<u>Tariff Record</u>
0.3.3	Creditworthiness-Financial Assurances, 6.31.10(a)
0.3.4	Creditworthiness-Financial Assurances, 6.31.10(b)
0.3.5	Creditworthiness-Financial Assurances, 6.31.10(c)
0.3.6	Creditworthiness-Financial Assurances, 6.31.10(d)
0.3.7	Creditworthiness-Financial Assurances, 6.31.10(e), (f)
0.3.8	Creditworthiness-Financial Assurances, 6.31.10(g)
0.3.9	Creditworthiness-Financial Assurances, 6.31.10(h)
0.3.10	Creditworthiness-Financial Assurances, 6.31.10(i)
1.2.3	Definitions, 6.2 (Pooling)
1.2.4	Definitions, 6.2 (Intraday Nomination)
1.2.6	Definitions, 6.2 (Operational Flow Order)
1.2.12	Definitions, 6.2 (Elapsed-Prorated-Scheduled Quantity)
1.3.1	Definitions, 6.2 (Gas Day)
1.3.2(i-vi)	Nominations and Scheduling, 6.8.2
1.3.5	Nominations and Scheduling, 6.8.1
1.3.6	Nominations and Scheduling, 6.8.2
1.3.8	Nominations and Scheduling, 6.8.2
1.3.9	Nominations and Scheduling, 6.8.2
1.3.11	Nominations and Scheduling, 6.8.2
1.3.13	Nominations and Scheduling, 6.8.2
1.3.19	Nominations and Scheduling, 6.8.1
1.3.21	Nominations and Scheduling, 6.8.2
1.3.26	Priority, Interruption of Service and OFOs, 6.5.5
1.3.33	Nominations and Scheduling, 6.8.2
2.2.1	Definitions, 6.2 (Operational Balancing Agreement)
2.3.9	Definitions, 6.2 (Btu and Cubic Foot)
3.2.1	Definitions, 6.2 (Business Day)
3.3.9	Billings and Payments, 6.14.1
3.3.10	Billings and Payments, 6.14.1
3.3.17	Billings and Payments, 6.14.3
3.3.19	Billings and Payments, 6.14.4
5.2.1	Definitions, 6.2 (Critical Notice)
5.2.3	Definitions, 6.2 (Elapsed Prorata Capacity)
5.3.1	Capacity Release, 6.4.3
5.3.2	Capacity Release, 6.4.3
5.3.3	Capacity Release, 6.4.3
5.3.4	Capacity Release, 6.4.7
5.3.7	Capacity Release, 6.4.13
5.3.13	Capacity Release, 6.4.6

5.3.14	Capacity Release, 6.4.1
5.3.15	Capacity Release, 6.4.6
5.3.16	Capacity Release, 6.4.1
5.3.24	Capacity Release, 6.4.3
5.3.25	Capacity Release, 6.4.3
5.3.44	Capacity Release, 6.4.13
5.3.45	Capacity Release, 6.4.13
5.3.59	Capacity Release, 6.4.8
5.3.60	Capacity Release, 6.4.14

Standards Incorporated by Reference:

Additional Standards:

General:

Definition:
0.2.5

Standards:
0.3.1, 0.3.2, 0.3.16, 0.3.17

Gas/Electric Operational Communications:

Definitions:
0.2.1, 0.2.2, 0.2.3, 0.2.4

Standards:
0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

Operating Capacity and Unsubscribed:

Standards:
0.3.18, 0.3.20, 0.3.21, 0.3.22

Datasets:
0.4.2, 0.4.3

Location Data Download:

Standards:
0.3.23, 0.3.24, 0.3.25, 0.3.26, 0.3.27, 0.3.28, 0.3.29

Dataset:
0.4.4

Storage Information:

Dataset:
0.4.1

Nominations Related Standards:

Definitions:

1.2.1, 1.2.2, 1.2.5, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19

Standards:

1.3.4, 1.3.7, 1.3.14, 1.3.15, 1.3.16, 1.3.17, 1.3.18, 1.3.20, 1.3.22, 1.3.23, 1.3.24, 1.3.25, 1.3.27, 1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.32, 1.3.34, 1.3.35, 1.3.36, 1.3.38, 1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.46, 1.3.48, 1.3.51, 1.3.53, 1.3.55, 1.3.58, 1.3.62, 1.3.64, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.80, 1.3.81, 1.3.82

Datasets:

1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 1.4.7

Flowing Gas Related Standards:

Definitions:

2.2.2, 2.2.3, 2.2.4, 2.2.5

Standards:

2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.7, 2.3.8, 2.3.10, 2.3.11, 2.3.12, 2.3.13, 2.3.14, 2.3.15, 2.3.16, 2.3.17, 2.3.18, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.26, 2.3.27, 2.3.28, 2.3.29, 2.3.30, 2.3.31, 2.3.32, 2.3.40, 2.3.41, 2.3.42, 2.3.43, 2.3.44, 2.3.45, 2.3.46, 2.3.47, 2.3.48, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65, 2.3.66

Datasets:

2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.17, 2.4.18

Invoicing Related Standards:

Standards:

3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.11, 3.3.12, 3.3.13, 3.3.14, 3.3.15, 3.3.16, 3.3.18, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26

Datasets:

3.4.1, 3.4.2, 3.4.3, 3.4.4

Quadrant Electronic Delivery Mechanism Related Standards:

Definitions:

4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20

Standards:

4.3.1, 4.3.2, 4.3.3, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.53, 4.3.54, 4.3.57, 4.3.58, 4.3.60, 4.3.61, 4.3.62, 4.3.66, 4.3.68, 4.3.69, 4.3.72, 4.3.75, 4.3.78, 4.3.79, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99, 4.3.100, 4.3.103, 4.3.104, 4.3.105, 4.3.106

Capacity Release Related Standards:

Definitions:

5.2.2, 5.2.4, 5.2.5

Standards:

5.3.5, 5.3.8, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.26, 5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.34, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.50, 5.3.51, 5.3.52, 5.3.53, 5.3.54, 5.3.55, 5.3.56, 5.3.57, 5.3.58, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69, 5.3.71, 5.3.72, 5.3.73

Datasets:

5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.20, 5.4.21, 5.4.22, 5.4.23, 5.4.24, 5.4.25, 5.4.26, 5.4.27

Internet Electronic Transport Related Standards:

Definitions:

10.2.1, 10.2.2, 10.2.3, 10.2.4, 10.2.5, 10.2.6, 10.2.7, 10.2.8, 10.2.9, 10.2.10, 10.2.11, 10.2.12, 10.2.13, 10.2.14, 10.2.15, 10.2.16, 10.2.17, 10.2.18, 10.2.19, 10.2.20, 10.2.21, 10.2.22, 10.2.23, 10.2.24, 10.2.25, 10.2.26, 10.2.27, 10.2.28, 10.2.29, 10.2.30, 10.2.31, 10.2.32, 10.2.33, 10.2.34, 10.2.35, 10.2.36, 10.2.37, 10.2.38

Standards:

10.3.1, 10.3.3, 10.3.4, 10.3.5, 10.3.6, 10.3.7, 10.3.8, 10.3.9, 10.3.10, 10.3.11, 10.3.12, 10.3.14, 10.3.15, 10.3.16, 10.3.17, 10.3.18, 10.3.19, 10.3.20, 10.3.21, 10.3.22, 10.3.23, 10.3.24, 10.3.25, 10.3.26, 10.3.27

Standards for which Waiver or Extension of Time to Comply have been granted:

<u>NAESB Standard</u>	<u>Waiver or Extension of Time</u>
0.3.23	Extension of Time
0.4.1	Extension of Time
0.4.2	Extension of Time
0.4.3	Extension of Time
1.3.3	Extension of Time
1.3.37	Extension of Time
1.3.45	Extension of Time
1.3.56	Extension of Time
1.3.65	Extension of Time
1.4.1	Extension of Time
1.4.2	Extension of Time
1.4.3	Extension of Time
1.4.4	Extension of Time
1.4.5	Extension of Time
1.4.6	Extension of Time
1.4.7	Extension of Time
2.4.1	Extension of Time
2.4.2	Extension of Time
2.4.3	Extension of Time
2.4.4	Extension of Time
2.4.5	Extension of Time
2.4.6	Extension of Time
2.4.7	Extension of Time
2.4.8	Extension of Time
2.4.17	Extension of Time

2.4.18	Extension of Time
3.4.1	Extension of Time
3.4.2	Extension of Time
3.4.3	Extension of Time
3.4.4	Extension of Time
4.3.44	Extension of Time
4.3.52	Extension of Time
4.3.55	Extension of Time
4.3.67	Extension of Time
4.3.80	Extension of Time
4.3.81	Extension of Time
4.3.82	Extension of Time
4.3.83	Extension of Time
4.3.84	Extension of Time
4.3.101	Extension of Time
4.3.102	Extension of Time
5.3.35	Extension of Time
5.3.70	Extension of Time
5.4.14	Extension of Time
5.4.15	Extension of Time
5.4.16	Extension of Time
5.4.17	Extension of Time
5.4.23	Extension of Time
5.4.24	Extension of Time
5.4.25	Extension of Time
5.4.26	Extension of Time
5.4.27	Extension of Time
10.3.1	Extension of Time
10.3.3	Extension of Time
10.3.4	Extension of Time
10.3.5	Extension of Time
10.3.6	Extension of Time
10.3.7	Extension of Time
10.3.8	Extension of Time
10.3.9	Extension of Time
10.3.10	Extension of Time
10.3.11	Extension of Time
10.3.12	Extension of Time
10.3.14	Extension of Time
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10.3.16	Extension of Time
10.3.17	Extension of Time
10.3.18	Extension of Time
10.3.19	Extension of Time
10.3.20	Extension of Time
10.3.21	Extension of Time
10.3.22	Extension of Time
10.3.23	Extension of Time
10.3.24	Extension of Time

10.3.25	Extension of Time
10.3.26	Extension of Time
10.3.27	Extension of Time

With regard to definition 2.2.2, SGRM's Facility shall comprise a single Operational Impact Area.

SGRM's incorporation of the Internet Electronic Transport Related Standards is subject to the limited waiver FERC granted SGRM regarding an extension of time to implement Electronic Data Interchange (EDI), Electronic Delivery Mechanism (EDM), and Internet Electronic Transport (IET) requirements communications until ninety (90) days following a request that it provide such communications.

6.24 GENERAL TERMS AND CONDITIONS – JOINT OBLIGATIONS

24. JOINT OBLIGATIONS

When Customer under a Storage Service Agreement consists of two or more persons, the obligations of such persons under such agreement shall be joint and several and, except as otherwise provided, any action provided to be taken by Customer shall be taken by such persons jointly.

6.25 GENERAL TERMS AND CONDITIONS – WAIVERS

25. WAIVERS

SGRM may waive any of its rights hereunder or any obligations of Customer on a basis which is not unduly discriminatory; provided that no waiver by either Customer or SGRM of any one or more defaults by the other in the performance of any provision of the Storage Service Agreement between Customer and SGRM shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

6.26 GENERAL TERMS AND CONDITIONS – MODIFICATION

26. MODIFICATION

No modification to the terms and provisions of any Storage Service Agreement or exhibit thereto shall be or become effective except by the execution of a superseding Storage Service Agreement or exhibit thereto.

6.27 GENERAL TERMS AND CONDITIONS – SUCCESSORS IN INTEREST

27. SUCCESSORS IN INTEREST

Any company which shall succeed by purchase, merger, consolidation or otherwise to the properties substantially as an entirety, of SGRM or of Customer, shall be entitled to the rights and shall be subject to the obligations of its predecessors in title under a Storage Service Agreement. In accordance with the capacity release procedures set forth in GT&C 4, Customer may, without relieving itself of its obligations under such Storage Service Agreement, assign any of its rights and obligations thereunder to another Customer, but otherwise no assignment of such Storage Service Agreement, or of any of the rights or obligations thereunder shall be made unless there first shall have been obtained the consent thereto of SGRM, in the event of any assignment by Customer, or the consent thereto of Customer, in the event of an assignment by SGRM. These restrictions on assignment shall not in any way prevent any party from pledging or mortgaging its rights under a Storage Service Agreement as security for its indebtedness.

6.28 GENERAL TERMS AND CONDITIONS – DEFAULT AND TERMINATION

28. DEFAULT AND TERMINATION

28.1 Customer shall be in default under SGRM's Tariff or the Storage Service Agreement if:

- (a) Customer shall fail to pay any sums due to SGRM hereunder and such failure continues for a period of five (5) Business Days after written notice to Customer by SGRM;
- (b) Customer fails to perform any of its material covenants or obligations under SGRM's Tariff or the Storage Service Agreement, other than obligations to make payments to SGRM, and Customer does not remedy such failure within a period of thirty (30) days after receipt of a notice from SGRM;
- (c) Customer or its guarantor becomes insolvent, as set forth in GT&C 31.4; or
- (d) Customer fails to provide or maintain financial assurances pursuant to GT&C 31.5

Customer shall indemnify and hold harmless SGRM from and against any costs or losses resulting from (a), (b), (c) or (d) above.

28.2 In the event of any Default by Customer, in addition to all other remedies available to it pursuant to the Storage Service Agreements or at law and in equity, SGRM may do any or all of the following:

- (a) Refuse to accept any further deliveries of Gas from or on behalf of Customer pursuant to all or any transactions;
- (b) Refuse to deliver Gas to or on behalf of Customer pursuant to all or any transactions;
- (c) Set off any amount owing by SGRM to Customer pursuant to any transaction(s) against amounts otherwise owing by Customer to SGRM pursuant to any other transaction(s);
- (d) Suspend performance until Customer corrects the default in full;
- (e) Terminate Customer's Storage Service Agreement, provided that SGRM shall provide not less than thirty (30) days notice of such termination to Customer and to FERC; and
- (f) Assert any liens or other interests, consistent with applicable law, against any Gas Customer may have remaining on SGRM's system.

28.3 Customer shall not be obligated to pay SGRM Reservation Charges for any suspended services during any period of suspension pursuant to Section 28.2.

6.29 GENERAL TERMS AND CONDITIONS – FEES AND CONSTRUCTION OF NEW FACILITIES

29. FEES AND CONSTRUCTION OF NEW FACILITIES

- 29.1 Except as provided in Section 29.2 herein, Customer shall reimburse SGRM (a) for the costs of any facilities installed by SGRM with Customer's consent to receive, measure, store or deliver Gas for Customer's account and (b) for any and all filings and approval fees required in connection with Customer's Storage Service Agreement that SGRM is obligated to pay to the Commission or any other governmental authority having jurisdiction. Any reimbursement due SGRM by Customer pursuant to this Section 29.1 shall be due and payable to SGRM within ten (10) days of receipt by Customer of SGRM's invoice(s) for same; provided, however, that subject to SGRM's consent, such reimbursement, plus carrying charges thereon, may be amortized over a mutually agreeable period not to extend beyond the primary contract term of the Storage Service Agreement between SGRM and Customer. Carrying charges shall be computed utilizing interest factors acceptable to both SGRM and Customer.
- 29.2 SGRM may waive from time to time, at its discretion, all or a portion of the facility cost reimbursement requirement set forth in Section 29.1 for Rate Schedules FSS and SFS if Customer provides SGRM adequate assurances to make construction of the facilities economical to SGRM. All requests for waiver shall be handled by SGRM in a manner which is not unduly discriminatory. For purposes of determining whether a project is economical, SGRM will evaluate projects on the basis of various economic criteria, which will include the estimated cost of the facilities, operating and maintenance as well as administrative and general expenses attributable to the facilities, the revenues SGRM estimates will be generated as a result of such construction, and the availability of capital funds on terms and conditions acceptable to SGRM. In estimating the revenues to be generated, SGRM will evaluate the existence of capacity limitations downstream of the facilities, the marketability of the capacity, the Interruptible versus the firm nature of the service, and other similar factors which impact whether the available capacity will actually be utilized.

6.30 GENERAL TERMS AND CONDITIONS – OFF-SYSTEM CAPACITY

30. OFF-SYSTEM CAPACITY

SGRM may, from time to time, acquire transportation and/or storage capacity on a third-party pipeline system. SGRM will only provide transportation and storage services for others using such capacity pursuant to its open access FERC Gas Tariff subject to its rates approved by the Federal Energy Regulatory Commission, and the “shipper must hold title” policy is waived to permit such use.

6.31 GENERAL TERMS AND CONDITIONS – CREDITWORTHINESS – FINANCIAL ASSURANCES

31 CREDITWORTHINESS - FINANCIAL ASSURANCES

31.1 SGRM's acceptance of Customer's request for new service and/or continuation of service to Customer under any of SGRM's rate schedules is contingent upon a determination by SGRM that the overall financial condition of such Customer is acceptable to SGRM, which determination shall be based on a credit appraisal of such Customer that is conducted on a not unduly discriminatory basis utilizing consistent financial evaluation standards to determine the acceptability of Customer's overall financial condition from time to time.

31.2 Customer will be deemed creditworthy for amounts set forth in Sections 31.6 (a) and (b) if (i) its long-term unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation ("S&P") or Baa3 by Moody's Investor Service ("Moody's") (or if Customer has obtained an equivalent S&P or Moody's issuer rating), (ii) Customer's short term and long term outlook opinion is Stable or Positive from S&P or Moody's, and (iii) Customer provides the information specified in Sections 31.3(c)-(f). In the event Customer is rated by multiple agencies, the lower rating shall govern.

In the event Customer is a cooperative or a municipal entity and Customer cannot demonstrate creditworthiness pursuant to the above, Customer may establish creditworthiness if:

- (a) Customer's issuer rating is of an equivalent rank or higher than the credit ratings listed above (in the event Customer is rated by multiple agencies, the lower rating shall govern), provided Customer provides the information specified in Sections 31.3(c)-(f); or
- (b) Customer demonstrates to SGRM's reasonable satisfaction that the net present value of the sum of Customer's reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Customer's tangible net worth, or Customer's preceding calendar year revenues are at least six (6) times SGRM's anticipated charges for the ensuing 12-month period, provided Customer provides the information specified in Sections 31.3(c)-(f).

31.3 If Customer is not deemed creditworthy based solely upon the criteria set forth in Section 31.2, or if Customer that is deemed creditworthy based on such criteria seeks a credit limit in excess of the amounts set forth in Sections 31.6 (a) and (b), to enable SGRM to conduct a credit appraisal, Customer shall submit the material and information set forth in Sections 31.3(a)-(g) below. SGRM's receipt of such material and information shall not be deemed acceptance of a request for service by SGRM. Acceptance shall be confirmed by SGRM only after SGRM has reviewed the material and information set forth in Sections 31.3(a)-(g) and has determined that Customer is sufficiently creditworthy. Customer shall, if requested by SGRM, provide the material and information required by Sections 31.3(a)-(g) for its parent company and/or guarantor. Customer shall not be required to provide the material and information specified in Sections 31.3(a)-(b) if Customer agrees to provide financial assurances in accordance with Sections 31.5(a)-(e). As an alternative to Customer, or its guarantor, providing some or all of the information specified in Sections 31.3(a)-(b), Customer may provide alternate equivalent information which SGRM reasonably agrees to accept or SGRM may rely on equivalent information that is publicly available or available through published sources.

- (a) Customer shall provide current audited financial statements, annual reports, 10-K and 10-Q reports, interim financial statements with attestation by the Chief Financial Officer (or equivalent) that such statements are a true, correct and fair representation of financial condition prepared in accordance with Generally Accepted Accounting Principles and other filings with regulatory agencies which discuss Customer's financial status, a list of all corporate affiliates, parent companies and subsidiaries, and any reports from credit

reporting and bond rating agencies which are available (for non-public entities, in lieu of the foregoing, Customer may provide any existing sworn filing, which provides the most recent available interim financial statements and annual financial reports filed with any applicable regulatory authority, showing the Customer's current financial condition);

- (b) Customer shall provide a bank reference and at least two (2) trade references. The results of reference checks and any credit reports submitted pursuant to Section 31.2 must show that Customer's obligations are being paid on a reasonably prompt basis;
- (c) Customer shall confirm in writing that Customer is not operating under any chapter of the bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors, or any informal creditors' committee agreement. An exception may be made for Customer who is a debtor in possession operating under Chapter XI of the U. S. Bankruptcy Code but only with adequate assurance that the service billing will be paid promptly as a cost of administration under the Bankruptcy Court's jurisdiction;
- (d) Customer shall confirm in writing that Customer is not aware of any change in business conditions which would cause a substantial deterioration in its financial condition, a condition of insolvency or the inability to exist as an ongoing business entity;
- (e) If Customer has an existing Storage Service Agreement with SGRM, Customer shall confirm in writing that no delinquent balances are outstanding for services previously provided by SGRM;
- (f) Customer shall confirm in writing that no significant collection lawsuits or judgments are outstanding that are reasonably likely to have a material adverse impact on the ability of Customer to remain solvent; and
- (g) Customer shall provide such other material and information as SGRM may reasonably request.

31.4 SGRM shall not be required to perform or to continue service under any Rate Schedule on behalf of any Customer who is or has become insolvent or who, at SGRM's request, fails within a reasonable period to demonstrate creditworthiness. In such event, SGRM may take such action as is permitted in GT&C 28.2. For purposes of this Section 31 and GT&C 28 the insolvency of Customer shall be conclusively demonstrated by the filing by (i) Customer, or any parent entity thereof, or guarantor of Customer of a voluntary petition in bankruptcy, or (ii) the entry of a decree or order by a court having jurisdiction in the premises adjudging Customer, or any parent entity thereof, or guarantor of Customer bankrupt or insolvent, or approving, as properly filed, a petition seeking reorganization, arrangement, adjustment or composition of or in respect of Customer, or any parent entity thereof, or guarantor of Customer under the U.S. Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of Customer, or any parent entity thereof, or guarantor of Customer or of any substantial part of their property, or the ordering of the winding-up or liquidation of their affairs, with said order or decree continuing unstayed and in effect for a period of sixty (60) consecutive days.

31.5 Upon notification by SGRM that Customer has failed to establish that it is creditworthy in accordance with Sections 31.2 or 31.3, or subsequently during the term of the Storage Service Agreement that Customer no longer satisfies the creditworthiness criteria set forth in Sections 31.2 or 31.3, such Customer may still obtain or retain service if it (i) pays any outstanding balances due SGRM for service previously rendered or has complied with GT&C 14.5 with regard to such balances and (ii) provides one or more of the following forms of financial assurances acceptable to SGRM:

- (a) an advance deposit; provided that such deposit shall be considered collateral held for security and not advance payments for services. An advance deposit shall accrue interest, calculated monthly at the published federal funds rate, to the benefit of Customer from the date SGRM receives the funds.
 - (b) a standby irrevocable letter of credit subject to the following:
 - (1) each letter of credit shall be in effect for the lesser of one (1) year or for the term of the transaction plus sixty (60) days. If the term of the transaction plus sixty (60) days is greater than one (1) year, Customer shall ensure that its obligation to SGRM is secured continuously, and accordingly shall provide SGRM with a replacement letter of credit no later than sixty (60) days prior to the expiration of the then-effective letter of credit. SGRM will return the expiring letter of credit to Customer within five (5) days of the date the replacement letter of credit becomes effective.
 - (2) each letter of credit shall be in form and substance satisfactory to SGRM, and shall provide for partial drawdowns and, without limiting the generality of the foregoing, shall be issued by a financial institution acceptable to SGRM; and
 - (3) in addition to all other remedies available to SGRM at law or in equity, if Customer fails to provide a replacement letter of credit in accordance with this Section, SGRM may draw upon the expiring letter of credit to the full amount thereof and apply the funds so drawn in payment in whole or in part of the obligations of Customer under each or any of Customer's Storage Service Agreements.
 - (c) a security interest in collateral acceptable to SGRM.
 - (d) a guaranty, in form and substance acceptable to SGRM, by another person or entity acceptable to SGRM.
 - (e) other forms of financial assurances acceptable to SGRM to secure Customer's obligations under the Storage Service Agreements, provided that SGRM may reject or accept such other forms of financial assurances in a manner that is not unduly discriminatory.
- 31.6 SGRM shall notify Customer if SGRM requests financial assurances in accordance with Section 31.5. If SGRM rejects financial assurances offered by Customer in accordance with Sections 31.5(a)-(e), SGRM shall re-issue its request for financial assurances and will include an explanation for the rejection of the financial assurances previously offered by Customer. The amount of financial assurances Customer is required to provide shall be calculated as follows (subject to SGRM's determination of Customer's credit limit, in the manner described in Section 31.7), aggregated for all of Customer's Storage Service Agreements:
- (a) For firm services, an amount equal to the sum of the three (3) highest Months' worth of reservation charges during a contract year or the duration of Customer's Storage Service Agreement, whichever is shorter, at the reservation rates specified in Customer's Storage Service Agreement or, when Customer has not yet executed a Storage Service Agreement, at a reservation rate which SGRM, acting reasonably, deems reflective of the current market rate for firm services comparable to those Customer proposes to purchase.
 - (b) For Interruptible services, an amount equal to an estimate of the value of fifteen (15) Days of service at maximum utilization per Month for three (3) Months or the duration of

Customer's Interruptible Storage Service Agreement, whichever is shorter, calculated at the interruptible rate specified in Customer's Storage Service Agreement or, when Customer has not yet executed a Storage Service Agreement, at a rate which SGRM, acting reasonably, deems reflective of the current market rate for Interruptible services comparable to those Customer proposes to purchase. Customer will be required to comply with all of SGRM's credit requirements by the time Customer requests service under an Interruptible Storage Service Agreement.

- (c) The financial assurances amounts calculated pursuant to Sections 31.6 (a) and (b) shall be increased by the market value, as determined by SGRM, of any quantities of Gas loaned to Customer pursuant to Customer's Storage Service Agreement(s) that contemplate loan services. SGRM shall be entitled to recalculate the value of loaned Gas as frequently as each day. SGRM shall calculate the market value of loaned gas using the unit price for the Henry Hub Natural Gas Futures Contract, as posted on the www.cmegroup.com web site plus Southern Pines hub basis for the period under which the loaned gas is scheduled to be returned pursuant to Customer's Storage Service Agreement(s), multiplied by Customer's quantity of loaned Gas, plus any applicable transportation cost. SGRM shall have the right to notify Customer when such recalculation indicates that additional credit support is required to comply with the requirements of this Section based on a ten percent (10%) increase in the daily computation of the amount of financial assurances over the financial assurances previously provided by Customer. Customer shall have two (2) Business Days to comply with a notification by SGRM of insufficient financial assurances.
- (d) For service that requires SGRM to construct new facilities, an amount determined by SGRM prior to the start of construction that is reasonable in light of the risks of the construction project, not to exceed Customer's proportional share of the cost of the facilities to be constructed (which amount shall be reduced as Customer pays off the obligation for construction of new facilities).

Forecasted activity shall be used to calculate the amount of financial assurances if actual data is not available. With respect to a request for new service, any financial assurances required by SGRM must be received by SGRM before SGRM is obligated to perform services for Customer. For Capacity Release Umbrella Agreements, Customer will be required to comply with all of SGRM's credit requirements before Customer submits a bid to acquire released capacity pursuant to GT&C 4.

- 31.7 SGRM shall from time to time determine a credit limit for each Customer. The credit limit represents the amount of credit SGRM is willing to provide to Customer without requiring Customer to provide financial assurances. The credit limit may be stated as a dollar amount or by reference to activity under Customer's Storage Service Agreements. The amount of financial assurances that Customer may be required to provide from time to time shall be as calculated in accordance with Section 31.6, minus Customer's credit limit. A Customer deemed creditworthy pursuant to Section 31.2 shall have a credit limit equivalent to the amounts described in Sections 31.6 (a) and (b), unless Customer demonstrates to SGRM's satisfaction pursuant to Section 31.3 that its financial position warrants a higher credit limit.
- 31.8 For any Customer for which SGRM shall have established a credit limit greater than zero (0) or for Customers deemed creditworthy pursuant to Section 31.2 which seek a credit limit in excess of the amounts set forth in Sections 31.6 (a) and (b), upon request by SGRM at any time during the period of service, Customer shall provide SGRM with updated financial material and information in the form specified in Sections 31.3(a)-(g). SGRM shall re-evaluate Customer's creditworthiness based upon the updated material and information provided by Customer, in accordance with Section 31.3.

If Customer's credit standing ceases to meet SGRM's credit requirements at any time during the period of service, then SGRM has the right to require additional financial assurances as specified in Section 31.5. With respect to an existing Service Agreement, Customer must tender the financial assurances required by Section 31.5 within two (2) Business Days of SGRM's notification. If such financial assurances are not received within the specified time period, then SGRM may immediately suspend service, and may terminate Customer's Service Agreement(s) upon thirty (30) days' notice to Customer and the Commission, in accordance with GT&C 28.

If the credit standing of any entity issuing financial assurances in support of Customer's obligations ceases to satisfy the criteria set forth in Sections 31.2 and 31.3 at any time during the period of service, then SGRM has the right to require Customer to provide replacement financial assurances that satisfies the requirements of Section 31.5 within two (2) Business Days of SGRM's notification. If such financial assurances are not received within the specified time period, then SGRM may immediately suspend service, and may terminate Customer's service agreement(s) upon thirty (30) days' notice to Customer and the Commission in accordance with GT&C 28.

- 31.9 In the event any material and information provided by Customer pursuant to Sections 31.3(a)-(g) with respect to a request for new service materially changes prior to execution of the new Storage Service Agreement, or Customer learns that such material and information may materially change prior to execution of a Storage Service Agreement, Customer shall be obligated to provide written notice of such material change to SGRM. SGRM may require Customer to resubmit any or all of the financial material and information required in Sections 31.3(a)-(g). SGRM shall reevaluate Customer's creditworthiness based upon the updated material and information.
- 31.10 In addition to the requirements set forth above, SGRM's determination of Customer's creditworthiness shall be subject to the following procedures:
- (a) If SGRM requests additional material and information to be used for credit evaluation after the initiation of service, SGRM, contemporaneous with the request, shall provide its reason(s) for requesting the additional material and information to Customer and SGRM shall designate to whom the response shall be sent. SGRM and Customer may mutually agree to waive the requirements of this standard.
 - (b) Upon receipt of either an initial or follow-up request from SGRM for material and information to be used for creditworthiness evaluation, Customer's authorized representative(s) shall acknowledge receipt of SGRM's request. SGRM and Customer may mutually agree to waive the requirements of this standard.
 - (c) Customer's authorized representative(s) shall respond to SGRM's request for credit material and information, as allowed by SGRM's Tariff, on or before the due date specified in the request. Customer shall provide all the credit material and information requested by SGRM or provide the reason(s) why any of the requested information was not provided.
 - (d) Upon receipt from Customer of all credit material and information provided pursuant to applicable NAESB WGQ standards, SGRM shall notify Customer's authorized representative(s) that it has received such material and information. SGRM and Customer may mutually agree to waive the requirements of this standard.
 - (e) Customer shall designate up to two (2) representatives who are authorized to receive notices regarding Customer's creditworthiness, including requests for additional material and information, pursuant to the applicable NAESB WGQ standards and shall provide to SGRM the e-mail addresses of such representatives prior to the initiation of service.

Written requests and responses shall be provided via e-mail, unless otherwise agreed to by the parties. The obligation of SGRM to provide creditworthiness notifications is waived until the above requirement has been met. Customer shall manage internal distribution of any creditworthiness notices that are received.

- (f) SGRM shall designate, on its Internet Web Site or in written notices to Customer, the e-mail addresses of up to two (2) representatives who are authorized to receive notices regarding Customer's creditworthiness. Customer's obligation to provide confirmation of receipt is met by sending such confirmation to such representatives, and SGRM shall manage internal distribution of any such confirmations.
- (g) At any time after Customer is determined to be non-creditworthy by SGRM, Customer may request a creditworthiness re-evaluation by SGRM. As part of Customer's re-evaluation request, Customer shall either update or confirm in writing the prior material and information provided to SGRM related to Customer's creditworthiness. Such updates shall include any event(s) that Customer believes could lead to a material change in Customer's creditworthiness.
- (h) After SGRM's receipt of Customer's request for re-evaluation, including all required material and information pursuant to NAESB WGQ Standard 0.3.8 ("Customer's Request"), within five (5) Business Days, SGRM shall provide a written response to Customer's Request. Such written response shall include either a determination of creditworthiness status, clearly stating the reason(s) for SGRM's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event shall such re-evaluation determination exceed twenty (20) Business Days from the date of the receipt of Customer's Request unless specified in SGRM's Tariff or the parties mutually agree to some later date.
- (i) In complying with the creditworthiness related notifications pursuant to the applicable NAESB WGQ standards, Customer and SGRM may mutually agree to other forms of communication in lieu of e-mail notification.

6.32 GENERAL TERMS AND CONDITIONS – DISPOSITION OF RETAINED QUANTITIES

32. DISPOSITION OF RETAINED QUANTITIES

- 32.1 In the event that SGRM holds an auction for Gas quantities retained pursuant to Rate Schedule FSS, Rate Schedule SFS, Rate Schedule ISS, Rate Schedule IP, or Rate Schedule IB, SGRM shall post such quantities on the Internet Web Site as soon as reasonably practicable. SGRM shall accept bids only during the time period from 7:00 a.m. until 11:00 a.m. CCT on the second Business Day following such posting. SGRM shall award purchase of the Gas to Customer submitting the highest bid, and shall notify bidder submitting the highest bid prior to 4:00 p.m. CCT of the same Day on which SGRM accepts bids; provided, however, SGRM reserves the right to reject all bids.
- 32.2 SGRM shall credit eighty percent (80%) of the net proceeds from the auction to Customer who left gas in storage. The remaining twenty percent (20%) of the net proceeds received from such auction will be credited to all Customers whose Gas was not so purchased or retained (“Qualifying Customer”) based on the ratio of the total charges paid by each Qualifying Customer for service to the total amount of such charges paid by all Qualifying Customers during the Month in which the auction of Gas occurred. For the purposes of this Section, the term “net proceeds” shall mean the total proceeds received from the auction less any costs SGRM incurred as a result of conducting the auction or the purchase or retention of Customer’s Gas including Reservation Charges and Withdrawal Charges at the rates then in effect or in effect at the termination of the contract, whichever is higher.
- 32.3 Such credits shall be calculated for each Month of the twelve (12) Month period ending July 31 of each year and will be included on the Qualifying Customers’ invoices for the Month following the date of the final Commission order approving SGRM’s penalty disbursement report; provided, however, that SGRM will calculate and include such credits on Qualifying Customers’ invoices for a period shorter than twelve (12) Months in the event and to the extent that the total accumulated amount pursuant to this Section 32 by SGRM as of the end of any Month exceeds \$1,000,000. SGRM will file a penalty disbursement report within sixty (60) days of July 31 or sixty (60) days after the end of the Month in which the revenue collected exceeds \$1,000,000. Any revenues credited to Qualifying Customers pursuant to this Section shall include interest calculated in accordance with Section 154.501(d) of the Commission’s regulations.

6.33 GENERAL TERMS AND CONDITIONS – WAREHOUSEMEN'S LIEN

33. WAREHOUSEMEN'S LIEN

- 33.1 CUSTOMER HEREBY ACKNOWLEDGES THAT SGRM SHALL BE ENTITLED TO, AND SGRM HEREBY CLAIMS, A LIEN ON ALL GAS RECEIVED BY SGRM FROM CUSTOMER, AND ALL PROCEEDS THEREOF, UPON SUCH RECEIPT BY SGRM, AS PROVIDED IN SECTION 7-209 OF THE NEW YORK UNIFORM COMMERCIAL CODE WITH THE RIGHTS OF ENFORCEMENT AS PROVIDED THEREIN AND HEREIN. IN NO WAY LIMITING THE FOREGOING, CUSTOMER HEREBY ACKNOWLEDGES THAT SGRM SHALL BE ENTITLED TO, AND SGRM HEREBY CLAIMS, A LIEN FOR ALL CHARGES FOR STORAGE OR TRANSPORTATION (INCLUDING DEMURRAGE AND TERMINAL CHARGES), INSURANCE, LABOR, OR CHARGES PRESENT OR FUTURE IN RELATION TO THE RECEIVED GAS, AND FOR EXPENSES NECESSARY FOR PRESERVATION OF THE RECEIVED GAS OR REASONABLY INCURRED IN THE SALE THEREOF, PURSUANT TO LAW, AND THAT SUCH LIEN SHALL EXTEND TO LIKE CHARGES AND EXPENSES IN RELATION TO ALL SUCH RECEIVED GAS.
- 33.2 IF DEEMED NECESSARY BY A COURT OF LAW, PURSUANT TO SECTION 7-202 OF THE NEW YORK UNIFORM COMMERCIAL CODE, CUSTOMER HEREBY AGREES THAT:
- (a) CUSTOMER'S STORAGE SERVICE AGREEMENT(S), WITH ALL SCHEDULES AND EXHIBITS THERETO, AND ALL OF THE MONTHLY STATEMENTS RENDERED BY SGRM TO CUSTOMER PURSUANT TO THE GENERAL TERMS AND CONDITIONS CONTAINED IN SGRM'S TARIFF, SHALL BE DEEMED A "WAREHOUSE RECEIPT" FOR ALL PURPOSES WITH RESPECT TO ARTICLE 7 OF THE NEW YORK UNIFORM COMMERCIAL CODE, REGARDLESS OF WHEN THE GAS STORED PURSUANT TO CUSTOMER'S STORAGE SERVICE AGREEMENT(S) IS RECEIVED;
 - (b) THE LOCATION OF THE WAREHOUSE, TO WHOM THE GAS WILL BE DELIVERED, RATE OF STORAGE AND HANDLING CHARGES, AND DESCRIPTION OF THE GOODS ARE AS SET FORTH, RESPECTIVELY, IN CUSTOMERS STORAGE SERVICE AGREEMENT(S) AND THE MONTHLY INVOICE;
 - (c) THE ISSUE DATE OF THE WAREHOUSE RECEIPT WITH RESPECT TO EACH RECEIPT OF GAS SHALL BE DEEMED TO BE THE DATE SUCH GAS WAS RECEIVED;
 - (d) THE CONSECUTIVE NUMBER OF THE RECEIPT SHALL BE DEEMED BASED ON THE DATES OF RECEIPT WHEN LISTED IN CHRONOLOGICAL ORDER, BEGINNING WITH THE FIRST RECEIPT OF GAS UNDER THE TERMS OF CUSTOMER'S STORAGE SERVICE AGREEMENT(S); AND
 - (e) THE SIGNATURE OF SGRM ON CUSTOMER'S STORAGE SERVICE AGREEMENT(S) SHALL BE DEEMED TO BE THE SIGNATURE OF THE WAREHOUSEMAN.

6.34 GENERAL TERMS AND CONDITIONS – STORAGE SERVICES EXHIBIT EXECUTION PROCEDURE

34. STORAGE SERVICES AGREEMENT EXHIBIT EXECUTION PROCEDURE

- 34.1 SGRM and Customer agree that the procedure set forth in this Section 34 shall govern the execution of exhibits associated with Storage Service Agreements.
- 34.2 Should SGRM and Customer come to an agreement regarding a transaction, a record of such transaction in the form of an exhibit shall be sent by SGRM to Customer by e-mail by the close of the Business Day following the date of agreement (provided that failure to meet such deadline shall not invalidate an agreement), which record shall include all of the information required under the applicable form of exhibit set forth in this Tariff. SGRM and Customer acknowledge that no such record will be binding except as set forth in Section 34.3.
- 34.3 If SGRM's record regarding an exhibit is different in any respect from Customer's understanding of the agreement, Customer shall notify SGRM indicating the differences via e-mail sent by the Confirm Deadline. Customer shall be bound by the terms of the exhibit as described in SGRM's record, and the parties shall be bound by the terms of that exhibit if (i) Customer does not notify SGRM by the Confirm Deadline that the record is different in any respect from Customer's understanding of the agreement, (ii) Customer indicates its agreement to the exhibit by e-mail, or (iii) Customer submits a nomination for service under the exhibit. If Customer provides notice pursuant to the foregoing that a record differs from Customer's understanding of the agreement, then no exhibit regarding the agreement shall be binding until SGRM has sent a new record regarding the agreement and such recording is agreed to pursuant to the terms of Section 34.2 and this Section 34.3 (except that SGRM's record of such exhibit must be sent by the close of the Business Day following SGRM's receipt of Customer's notification of differences).
- 34.4 For purposes of this Section 34, "Confirm Deadline" shall mean 5:00 p.m. Central Clock Time on the second Business Day following the Day the record of an exhibit is sent.
- 34.5 Either party may furnish an address specifically for the purposes of receiving e-mails pursuant to this Section 34.
- 34.7 Exhibits entered into by e-mail pursuant to this Section 34 are intended to be binding on each party, as provided in the New York Electronic Signatures and Records Act and the Electronic Signatures in Global and National Commerce Act.

7.0 FORMS OF SERVICE AGREEMENTS

- 7.1 FIRM STORAGE SERVICE AGREEMENT
- 7.2 SECONDARY FIRM STORAGE SERVICE AGREEMENT
- 7.3 INTERRUPTIBLE STORAGE SERVICE AGREEMENT
- 7.4 INTERRUPTIBLE PARKING SERVICE AGREEMENT
- 7.5 INTERRUPTIBLE LOAN SERVICE AGREEMENT
- 7.6 HUB SERVICES AGREEMENT
- 7.7 CAPACITY RELEASE UMBRELLA AGREEMENT

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Firm Storage Service Agreement

Execution Copy

Agreement No.

Date

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

7.1 FIRM STORAGE SERVICE AGREEMENT (For Use Under Rate Schedule FSS)

This Agreement is made as of the ____ day of _____, ____, by and between SG RESOURCES MISSISSIPPI, L.L.C., a Delaware limited liability company herein called “SGRM,” and

a. _____, a(n) _____, herein called “Customer,”

or, if the criteria below are met,

b. _____, a(n) _____ as “Agent” for _____, an _____
[list all applicable entities] (“Principals”), herein individually and collectively called “Customer;” provided that Principals meet the requirements set forth in Section 1.2 of Rate Schedule FSS of SGRM’s Tariff,

(SGRM and Customer may individually be referred to as “Party” and collectively referred to as “Parties”), pursuant to the following recitals and representations:

WHEREAS, SGRM operates an underground natural gas storage facility known as the Southern Pines Energy Center and is authorized by the Federal Energy Regulatory Commission (“FERC”) to provide natural gas storage and hub service;

WHEREAS, Customer has requested that SGRM provide certain firm storage service for Customer; and

WHEREAS, SGRM has agreed to provide such firm storage service for Customer subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE, SGRM and Customer agree as follows:

ARTICLE I - SCOPE OF AGREEMENT

In accordance with the terms of SGRM’s FSS Rate Schedule, and of this Agreement, SGRM on any Day shall receive for injection into Customer’s FSS Storage Inventory, Customer’s Gas upon nomination and confirmation, at Customer’s Point(s) of Receipt, subject to Customer’s (i) Maximum Daily Receipt Quantity (“MDRQ”); (ii) Maximum Daily Injection Quantity (“MDIQ”); (iii) injection ratchets; and (iv) Maximum Storage Quantity (“MSQ”), all set forth on Exhibit “A”. SGRM on any Day shall deliver from Customer’s FSS Storage Inventory Customer’s Gas, upon nomination and confirmation, to Customer’s Point(s) of Delivery, subject to Customer’s (i) Maximum Daily Withdrawal Quantity (“MDWQ”); (ii) Maximum Daily Delivery Quantity (“MDDQ”); and (iii) withdrawal ratchets, all set forth on Exhibit “A”; and (iv) Customer having a quantity of Gas in Customer’s FSS Storage Inventory not less than the quantity Customer nominated for withdrawal on such Day.

ARTICLE II – POINTS OF RECEIPT AND DELIVERY

The point(s) at which the Gas is to be tendered by Customer to SGRM under this Agreement shall be the point(s) set forth on Exhibit “A” and Exhibit “B” (“Point(s) of Receipt”).

The point(s) at which the Gas is to be tendered by SGRM to Customer under this Agreement shall be the point(s) set forth on Exhibit "A" and Exhibit "B" ("Point(s) of Delivery").

ARTICLE III – RATES AND CHARGES

Customer agrees to pay SGRM the charges set forth on Exhibit "A" and Exhibit "B" and all other applicable rates and charges set forth in SGRM's tariff on file with the FERC, as amended or supplemented from time to time ("Tariff") and in the FSS Rate Schedule.

Customer shall reimburse SGRM for all applicable taxes as may be assessed against SGRM for the receipt, injection, storage, withdrawal or delivery of Customer's Gas. In addition, Customer shall reimburse SGRM for Customer's pro rata portion, calculated using the same methodology as that used to assess the tax, of all ad valorem taxes, property taxes or other similar taxes on Customer's Gas in storage assessed against and paid by SGRM.

ARTICLE IV - INCORPORATION OF RATE SCHEDULE AND TARIFF PROVISIONS

This Agreement is subject to the terms and conditions specified in SGRM's FSS Rate Schedule and the provisions of SGRM's Tariff.

ARTICLE V - TERM OF AGREEMENT

This Agreement shall be effective as of _____, ____ and shall remain in force and effect until _____, ____ ("Term").

ARTICLE VI – NOTICES

Notices shall be sent in accordance with General Term and Condition Section 18 of SGRM's Tariff, as follows:

SG RESOURCES MISSISSIPPI, I.L.C.

COMMERCIAL

SG Resources Mississippi, L.L.C.
Attention:
Address Line 1
Address Line 2
Telephone:
E-Mail:

CONTRACT ADMINISTRATION

SG Resources Mississippi, L.L.C.
Attention:
Address Line 1
Address Line 2
Telephone:
E-Mail:

BILLING

SG Resources Mississippi, L.L.C.
Attention:
Address Line 1
Address Line 2
Telephone:

CUSTOMER _____

COMMERCIAL

Customer
Attention:
Address Line 1
Address Line 2
Telephone:
E-Mail:

CONTRACT ADMINISTRATION

Customer
Attention:
Address Line 1
Address Line 2
Telephone:
E-Mail:

BILLING

Customer
Attention:
Address Line 1
Address Line 2
Telephone:

E-Mail:

E-Mail:

In all instances, the Parties shall use their reasonable efforts to provide notice prior to 5 p.m. Central Clock Time. Notice received before 5 p.m. Central Clock Time shall be deemed effective the day of receipt. Notice received after 5 p.m. Central Clock Time shall be deemed effective the day following receipt.

ARTICLE VII - LAW OF AGREEMENT

THE INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO DOCTRINES GOVERNING CHOICE OF LAW.

ARTICLE VIII – LIMITATION OF REMEDIES, LIABILITY AND DAMAGES

UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING WITHOUT LIMITATION, LOSS OF VALUE, LOSS OF FINANCIAL ADVANTAGE, LOSS OF PROFIT OR BUSINESS INTERRUPTIONS, HOWEVER SAME MAY BE CAUSED, AND SHALL BE LIMITED, TO ACTUAL DAMAGES ONLY.

ARTICLE IX – PRIOR AGREEMENTS CANCELLED

This Agreement, as of the date hereof, shall supersede and cancel the following agreement(s) between the Parties thereto:

Storage Service Agreement number _____, dated _____, _____.

ARTICLE X – MISCELLANEOUS

- 10.1 This Agreement sets forth all understandings and agreements between the Parties respecting the subject matter hereof, and all prior agreements, understandings and representations, whether written or oral, respecting the subject matter hereof are superseded by this Agreement. No modification of the terms and provisions of this Agreement shall be made except by the execution by both Parties of a written agreement.
- 10.2 No waiver by a Party of any default(s) by the other Party in the performance of any provision, condition or requirement of this Agreement shall operate or be construed as a waiver of any future default(s), whether of a like or of a different character, nor in any manner release the defaulting Party from performance of any other provision, condition or requirement set forth herein.
- 10.3 If any provision of this Agreement is declared null and void or voidable by a court of competent jurisdiction, such declaration shall in no way affect the validity or effectiveness of the other provisions of this Agreement, which shall remain in full force and effect, and the Parties shall thereafter use their commercially reasonable efforts to agree upon an equitable adjustment of the provisions of this Agreement with a view to effecting its purpose.
- 10.4 No presumption shall operate in favor of or against any Party as a result of any responsibility or role that any Party may have had in the drafting of this Agreement.
- 10.5 This Agreement shall not create any rights in third parties, and no provisions hereof shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than SGRM and Customer.

10.6 This Agreement may be executed in counterparts, and all such executed counterparts shall form part of this Agreement. An electronic signature shall be deemed to be an original signature for purposes of this Agreement. Documents delivered electronically shall be deemed to be originals for purposes of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed in several counterparts by their authorized agents as of the date first written above.

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**Exhibit "A" to the Firm Storage Service Agreement
 between SGRM and _____ (Customer) dated _____**

I. Maximum Quantities

- A. **Maximum Storage Quantity ("MSQ")**
 Effective date or event:* _____ MSQ
 _____ Dth
 _____ Dth
- B. **Maximum Daily Injection Quantity ("MDIQ")**
 Effective date or event:* _____ MDIQ
 _____ Dth
 _____ Dth
- C. **Maximum Daily Withdrawal Quantity ("MDWQ")**
 Effective date or event:* _____ MDWQ
 _____ Dth
 _____ Dth

II. Rates and Charges

Effective Date or event:* _____

Firm Storage Reservation Charge _____ \$/Dth/Month

Firm Injection Reservation Charge _____ \$/Dth/Month

Firm Withdrawal Reservation Charge _____ \$/Dth/Month

III. Primary Point(s) of Receipt and primary Point(s) of Delivery

Maximum Daily Receipt Quantity ("MDRQ") and Maximum Daily Delivery Quantity ("MDDQ")
 Effective date or event:* _____

Primary Point of Receipt	MDRQ	Firm Storage Injection Charge	Fuel In-kind % on Injection	Fuel \$/Dth on Injection
Destin	_____	_____	_____	_____
Destin_GulfSouth	_____	_____	_____	_____
FGT_MBL	_____	_____	_____	_____
FGT_Z3	_____	_____	_____	_____
SESH	_____	_____	_____	_____
SPEC Hub	_____	_____	_____	_____
Transco 4A	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Effective date or event:* _____

Primary Point of Delivery	MDDQ	Firm Storage Withdrawal Charge	Fuel In-kind % on Withdrawal	Fuel \$/Dth on Withdrawal
Destin	_____	_____	_____	_____
Destin_GulfSouth	_____	_____	_____	_____
FGT_MBL	_____	_____	_____	_____
FGT_Z3	_____	_____	_____	_____
SESH	_____	_____	_____	_____
SPEC Hub	_____	_____	_____	_____
Transco 4A	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

IV. Secondary Point(s) of Receipt and secondary Point(s) of Delivery

Effective date or event:* _____

- Customer shall not have the right to use secondary Point(s) of Receipt or secondary Point(s) of Delivery.
- Customer shall have the right to use secondary Point(s) of Receipt and secondary Point(s) of Delivery.

Effective date or event:* _____

Secondary Point of Receipt	MDRQ	Firm Storage Injection Charge	Fuel In-kind % on Injection	Fuel \$/Dth on Injection
Destin	_____	_____	_____	_____
Destin_GulfSouth	_____	_____	_____	_____
FGT_MBL	_____	_____	_____	_____
FGT_Z3	_____	_____	_____	_____
SESH	_____	_____	_____	_____
SPEC Hub	_____	_____	_____	_____
Transco 4A	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Effective date or event:* _____

Secondary Point of Delivery	MDDQ	Firm Storage Withdrawal Charge	Fuel In-kind % on Withdrawal	Fuel \$/Dth on Withdrawal
Destin	_____	_____	_____	_____
Destin_GulfSouth	_____	_____	_____	_____
FGT_MBL	_____	_____	_____	_____
FGT_Z3	_____	_____	_____	_____
SESH	_____	_____	_____	_____
SPEC Hub	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Transco 4A _____

V. Ratchets

Effective date or event:* _____

The quantity of Gas Customer may inject or withdraw at any time shall be subject to the following ratchet provisions.

Injection Ratchets

Withdrawal Ratchets

Level of MSQ	MDIQ Multiplier	Level of MSQ	MDWQ Multiplier
<input type="checkbox"/> 0% - 40%	100%	<input type="checkbox"/> 100% - 30%	100%
Greater than 40% up to 63%	66.7%	Less than 30% down to 0%	25%
Greater than 63% up to 75%	33.3%		
Greater than 75% up to 87%	25%		
Greater than 87% up to 100%	17%		
<input type="checkbox"/> 0% - 40%	100%	<input type="checkbox"/> 100% - 40%	100%
Greater than 40% up to 65%	50%	Less than 40% down to 20%	75%
Greater than 65% up to 100%	25%	Less than 20% down to 0%	50%
<input type="checkbox"/> 0% - 70%	100%	<input type="checkbox"/> 100% - 20%	100%
Greater than 70% up to 100%	25%	Less than 20% down to 10%	75%
<input type="checkbox"/> 0% - 60%	100%	<input type="checkbox"/> Less than 10% down to 0	50%
Greater than 60% up to 80%	80%		
Greater than 80% up to 100%	60%		
<input type="checkbox"/> 0% - 80%	100%	<input type="checkbox"/> No Withdrawal ratchets	
Greater than 80% up to 90%	80%		
Greater than 90% up to 100%	65%		
<input type="checkbox"/> No Injection ratchets			

VI. Pressure

Effective date or event:* _____

Pursuant to General Term and Condition 6.11 of SGRM's Tariff, unless otherwise agreed, the Gas that is delivered at the Point(s) of Receipt and Point(s) of Delivery will be at the varying pressure that may exist in SGRM's system from time to time.

Point	Receipt/Delivery	Minimum Pressure	Maximum Pressure
_____	_____	_____	_____
_____	_____	_____	_____

VII. Insurance

SGRM shall / shall not be responsible for obtaining for the benefit of Customer insurance coverage against casualty events that result in the loss of Gas held in storage in the SGRM storage facility, in accordance with GT&C 16.

* Add additional lines as necessary to accommodate multiple time periods.

**Exhibit "B" to the Firm Storage Service Agreement
 between SGRM and _____ (Customer) dated _____**

I. Authorized Injection Overrun ("AIO") - Point(s) of Receipt

Begin date: _____
 End date: _____

	AIO Point of Receipt	AIO Quantity	AIO Charge	Fuel In-kind % on Injection	Fuel \$/Dth on Injection
	Destin	_____	_____	_____	_____
	Destin_GulfSouth	_____	_____	_____	_____
	FGT_MBL	_____	_____	_____	_____
	FGT_Z3	_____	_____	_____	_____
	SESH	_____	_____	_____	_____
	SPEC Hub	_____	_____	_____	_____
	Transco 4A	_____	_____	_____	_____
	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____

II. Authorized Withdrawal Overrun ("AWO") - Point(s) of Delivery

Begin date: _____
 End date: _____

	AWO Point of Withdrawal	AWO Quantity	AWO Charge	Fuel In-kind % on Withdrawal	Fuel \$/Dth on Withdrawal
	Destin	_____	_____	_____	_____
	Destin_GulfSouth	_____	_____	_____	_____
	FGT_MBL	_____	_____	_____	_____
	FGT_Z3	_____	_____	_____	_____
	SESH	_____	_____	_____	_____
	SPEC Hub	_____	_____	_____	_____
	Transco 4A	_____	_____	_____	_____
	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Secondary Firm Storage Service Agreement

Execution Copy

Agreement No.

Date

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

7.2 SECONDARY FIRM STORAGE SERVICE AGREEMENT
(For Use Under Rate Schedule SFS)

This Agreement is made as of the ____ day of _____, ____, by and between SG RESOURCES MISSISSIPPI, L.L.C., a Delaware limited liability company herein called “SGRM,” and

a. _____, a(n) _____, herein called “Customer,”

or, if the criteria below are met,

b. _____, a(n) _____ as “Agent” for _____, an _____
[list all applicable entities] (“Principals”), herein individually and collectively called “Customer;” provided that Principals meet the requirements set forth in Section 1.2 of Rate Schedule SFS of SGRM’s Tariff,

(SGRM and Customer may individually be referred to as “Party” and collectively referred to as “Parties”), pursuant to the following recitals and representations:

WHEREAS, SGRM operates an underground natural gas storage facility known as the Southern Pines Energy Center and is authorized by the Federal Energy Regulatory Commission (“FERC”) to provide natural gas storage and hub service;

WHEREAS, Customer has requested that SGRM provide certain firm storage service for Customer; and

WHEREAS, SGRM has agreed to provide such firm storage service for Customer subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE, SGRM and Customer agree as follows:

ARTICLE I – SCOPE OF AGREEMENT

In accordance with the terms of SGRM’s SFS Rate Schedule, and of this Agreement, SGRM on any Day shall receive for injection into Customer’s SFS Storage Inventory, Customer’s Gas upon nomination and confirmation, at Customer’s Point(s) of Receipt, subject to Customer’s (i) Maximum Daily Receipt Quantity (“MDRQ”); (ii) Maximum Daily Injection Quantity (“MDIQ”); (iii) injection ratchets; and (iv) Maximum Storage Quantity (“MSQ”), all set forth on Exhibit “A”. SGRM on any Day shall deliver from Customer’s SFS Storage Inventory Customer’s Gas, upon nomination and confirmation, to Customer’s Point(s) of Delivery, subject to Customer’s (i) Maximum Daily Withdrawal Quantity (“MDWQ”); (ii) Maximum Daily Delivery Quantity (“MDDQ”); and (iii) withdrawal ratchets, all set forth on Exhibit “A”; and (iv) Customer having a quantity of Gas in Customer’s SFS Storage Inventory not less than the quantity Customer nominated for withdrawal on such Day.

ARTICLE II – POINTS OF RECEIPT AND DELIVERY

The point(s) at which the Gas is to be tendered by Customer to SGRM under this Agreement shall be the point(s) set forth on Exhibit “A” and Exhibit “B” (“Point(s) of Receipt”).

The point(s) at which the Gas is to be tendered by SGRM to Customer under this Agreement shall be the point(s) set forth on Exhibit "A" and Exhibit "B" ("Point(s) of Delivery").

ARTICLE III – RATES AND CHARGES

Customer agrees to pay SGRM the charges set forth on Exhibit "A" and Exhibit "B" and all other applicable rates and charges set forth in SGRM's tariff on file with the FERC, as amended or supplemented from time to time ("Tariff") and in the SFS Rate Schedule.

Customer shall reimburse SGRM for all applicable taxes as may be assessed against SGRM for the receipt, injection, storage, withdrawal or delivery of Customer's Gas. In addition, Customer shall reimburse SGRM for Customer's pro rata portion, calculated using the same methodology as that used to assess the tax, of all ad valorem taxes, property taxes or other similar taxes on Customer's Gas in storage assessed against and paid by SGRM.

ARTICLE IV - INCORPORATION OF RATE SCHEDULE AND TARIFF PROVISIONS

This Agreement is subject to the terms and conditions specified in SGRM's SFS Rate Schedule and the provisions of SGRM's Tariff.

ARTICLE V - TERM OF AGREEMENT

This Agreement shall be effective as of _____, ____ and shall remain in force and effect until _____, ____ ("Term").

ARTICLE VI – NOTICES

Notices shall be sent in accordance with General Term and Condition Section 18 of SGRM's Tariff, as follows:

SG RESOURCES MISSISSIPPI, I.L.C.

COMMERCIAL

SG Resources Mississippi, L.L.C.
Attention:
Address Line 1
Address Line 2
Telephone:
E-Mail:

CONTRACT ADMINISTRATION

SG Resources Mississippi, L.L.C.
Attention:
Address Line 1
Address Line 2
Telephone:
E-Mail:

BILLING

SG Resources Mississippi, L.L.C.
Attention:
Address Line 1
Address Line 2
Telephone:

CUSTOMER _____

COMMERCIAL

Customer
Attention:
Address Line 1
Address Line 2
Telephone:
E-Mail:

CONTRACT ADMINISTRATION

Customer
Attention:
Address Line 1
Address Line 2
Telephone:
E-Mail:

BILLING

Customer
Attention:
Address Line 1
Address Line 2
Telephone:

E-Mail:

E-Mail:

In all instances, the Parties shall use their reasonable efforts to provide notice prior to 5 p.m. Central Clock Time. Notice received before 5 p.m. Central Clock Time shall be deemed effective the day of receipt. Notice received after 5 p.m. Central Clock Time shall be deemed effective the day following receipt.

ARTICLE VII - LAW OF AGREEMENT

THE INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO DOCTRINES GOVERNING CHOICE OF LAW.

ARTICLE VIII – LIMITATION OF REMEDIES, LIABILITY AND DAMAGES

UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING WITHOUT LIMITATION, LOSS OF VALUE, LOSS OF FINANCIAL ADVANTAGE, LOSS OF PROFIT OR BUSINESS INTERRUPTIONS, HOWEVER SAME MAY BE CAUSED, AND SHALL BE LIMITED, TO ACTUAL DAMAGES ONLY.

ARTICLE IX – PRIOR AGREEMENTS CANCELLED

This Agreement, as of the date hereof, shall supersede and cancel the following agreement(s) between the Parties thereto:

Storage Service Agreement number _____, dated _____, _____.

ARTICLE X – MISCELLANEOUS

- 10.1 This Agreement sets forth all understandings and agreements between the Parties respecting the subject matter hereof, and all prior agreements, understandings and representations, whether written or oral, respecting the subject matter hereof are superseded by this Agreement. No modification of the terms and provisions of this Agreement shall be made except by the execution by both Parties of a written agreement.
- 10.2 No waiver by a Party of any default(s) by the other Party in the performance of any provision, condition or requirement of this Agreement shall operate or be construed as a waiver of any future default(s), whether of a like or of a different character, nor in any manner release the defaulting Party from performance of any other provision, condition or requirement set forth herein.
- 10.3 If any provision of this Agreement is declared null and void or voidable by a court of competent jurisdiction, such declaration shall in no way affect the validity or effectiveness of the other provisions of this Agreement, which shall remain in full force and effect, and the Parties shall thereafter use their commercially reasonable efforts to agree upon an equitable adjustment of the provisions of this Agreement with a view to effecting its purpose.
- 10.4 No presumption shall operate in favor of or against any Party as a result of any responsibility or role that any Party may have had in the drafting of this Agreement.
- 10.5 This Agreement shall not create any rights in third parties, and no provisions hereof shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than SGRM and Customer.

10.6 This Agreement may be executed in counterparts, and all such executed counterparts shall form part of this Agreement. An electronic signature shall be deemed to be an original signature for purposes of this Agreement. Documents delivered electronically shall be deemed to be originals for purposes of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed in several counterparts by their authorized agents as of the date first written above.

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**Exhibit "A" to the Secondary Firm Storage Service Agreement
 between SGRM and _____ (Customer) dated _____**

I. Maximum Quantities

- A. **Maximum Storage Quantity ("MSQ")**
 Effective date or event:* _____ MSQ
 _____ Dth
 _____ Dth
- B. **Maximum Daily Injection Quantity ("MDIQ")**
 Effective date or event:* _____ MDIQ
 _____ Dth
 _____ Dth
- C. **Maximum Daily Withdrawal Quantity ("MDWQ")**
 Effective date or event:* _____ MDWQ
 _____ Dth
 _____ Dth

II. Rates and Charges

Effective Date or event:* _____

Secondary Firm Storage Reservation Charge _____ \$/Dth/Month

Secondary Firm Injection Reservation Charge _____ \$/Dth/Month

Secondary Firm Withdrawal Reservation Charge _____ \$/Dth/Month

III. Point(s) of Receipt and Point(s) of Delivery

Maximum Daily Receipt Quantity ("MDRQ") and Maximum Daily Delivery Quantity ("MDDQ")

Effective date or event:* _____

Point of Receipt	MDRQ	Secondary Firm Storage Injection Charge	Fuel In-kind % on Injection	Fuel \$/Dth on Injection
Destin	_____	_____	_____	_____
Destin_GulfSouth	_____	_____	_____	_____
FGT_MBL	_____	_____	_____	_____
FGT_Z3	_____	_____	_____	_____
SESH	_____	_____	_____	_____
SPEC Hub	_____	_____	_____	_____
Transco 4A	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Effective date or event: * _____

Primary Point of Delivery	MDDQ	Secondary Firm Storage Withdrawal Charge	Fuel In-kind % on Withdrawal	Fuel \$/Dth on Withdrawal
Destin	_____	_____	_____	_____
Destin_GulfSouth	_____	_____	_____	_____
FGT_MBL	_____	_____	_____	_____
FGT_Z3	_____	_____	_____	_____
SESH	_____	_____	_____	_____
SPEC Hub	_____	_____	_____	_____
Transco 4A	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

IV. Ratchets

Effective date or event: * _____

The quantity of Gas Customer may inject or withdraw at any time shall be subject to the following ratchet provisions.

Injection Ratchets

Withdrawal Ratchets

Level of MSQ	MDIQ Multiplier	Level of MSQ	MDWQ Multiplier
<input type="checkbox"/> 0% - 40%	100%	<input type="checkbox"/> 100% - 30%	100%
Greater than 40% up to 63%	66.7%	Less than 30% down to 0%	25%
Greater than 63% up to 75%	33.3%		
Greater than 75% up to 87%	25%		
Greater than 87% up to 100%	17%		
<input type="checkbox"/> 0% - 40%	100%	<input type="checkbox"/> 100% - 40%	100%
Greater than 40% up to 65%	50%	Less than 40% down to 20%	75%
Greater than 65% up to 100%	25%	Less than 20% down to 0%	50%
<input type="checkbox"/> 0% - 70%	100%	<input type="checkbox"/> 100% - 20%	100%
Greater than 70% up to 100%	25%	Less than 20% down to 10%	75%
<input type="checkbox"/> 0% - 60%	100%	<input type="checkbox"/> Less than 10% down to 0	50%
Greater than 60% up to 80%	80%		
Greater than 80% up to 100%	60%		
<input type="checkbox"/> 0% - 80%	100%	<input type="checkbox"/> No Withdrawal ratchets	
Greater than 80% up to 90%	80%		
Greater than 90% up to 100%	65%		
<input type="checkbox"/> No Injection ratchets			

V. Pressure

Effective date or event: * _____

Pursuant to General Term and Condition 6.11 of SGRM's Tariff, unless otherwise agreed, the Gas that is delivered at the Point(s) of Receipt and Point(s) of Delivery will be at the varying pressure that may exist in SGRM's system from time to time.

Point	Receipt/Delivery	Minimum Pressure	Maximum Pressure
_____	_____	_____	_____
_____	_____	_____	_____

VI. Insurance

SGRM shall / shall not be responsible for obtaining for the benefit of Customer insurance coverage against casualty events that result in the loss of Gas held in storage in the SGRM storage facility, in accordance with GT&C 16.

* Add additional lines as necessary to accommodate multiple time periods.

**Exhibit "B" to the Secondary Firm Storage Service Agreement
 between SGRM and _____ (Customer) dated _____**

I. Authorized Injection Oerrun ("AIO") - Point(s) of Receipt

Begin date: _____
 End date: _____

	AIO Point of Receipt	AIO Quantity	AIO Charge	Fuel In-kind % on Injection	Fuel \$/Dth on Injection
	Destin	_____	_____	_____	_____
	Destin_GulfSouth	_____	_____	_____	_____
	FGT_MBL	_____	_____	_____	_____
	FGT_Z3	_____	_____	_____	_____
	SESH	_____	_____	_____	_____
	SPEC Hub	_____	_____	_____	_____
	Transco 4A	_____	_____	_____	_____
	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____

II. Authorized Withdrawal Oerrun ("AWO") - Point(s) of Delivery

Begin date: _____
 End date: _____

	AWO Point of Withdrawal	AWO Quantity	AWO Charge	Fuel In-kind % on Withdrawal	Fuel \$/Dth on Withdrawal
	Destin	_____	_____	_____	_____
	Destin_GulfSouth	_____	_____	_____	_____
	FGT_MBL	_____	_____	_____	_____
	FGT_Z3	_____	_____	_____	_____
	SESH	_____	_____	_____	_____
	SPEC Hub	_____	_____	_____	_____
	Transco 4A	_____	_____	_____	_____
	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Interruptible Storage Service Agreement

Execution Copy

Agreement No.

Date

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

7.3 INTERRUPTIBLE STORAGE SERVICE AGREEMENT (For Use Under Rate Schedule ISS)

This Agreement is made as of the ____ day of _____, ____, by and between SG RESOURCES MISSISSIPPI, L.L.C., a Delaware limited liability company herein called “SGRM,” and

a. _____, a(n) _____, herein called “Customer,”

or, if the criteria below are met,

b. _____, a(n) _____ as “Agent” for _____, an _____
[list all applicable entities] (“Principals”), herein individually and collectively called “Customer;” provided that the Principals meet the requirements set forth in Section 1.2 of Rate Schedule ISS of SGRM’s Tariff,

(SGRM and Customer may individually be referred to as “Party” and collectively referred to as the “Parties”), pursuant to the following recitals and representations:

WHEREAS, SGRM operates an underground natural gas storage facility known as the Southern Pines Energy Center and is authorized by the Federal Energy Regulatory Commission to provide natural gas storage and related services;

WHEREAS, Customer has requested that SGRM provide certain Interruptible storage services for Customer; and

WHEREAS, SGRM has agreed to provide such Interruptible storage services for Customer subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, SGRM and Customer agree as follows:

ARTICLE I – SCOPE OF AGREEMENT

In accordance with the terms of SGRM’s Rate Schedule ISS, and of this Agreement, SGRM shall on any Day receive for injection into storage for Customer’s account a quantity of Gas up to Customer’s Maximum Daily Injection Quantity, as set forth on Exhibit “A”, shall store quantities of Gas so injected up to a Maximum Storage Quantity, as set forth on Exhibit “A” (on a cumulative basis), and on demand on any Day shall withdraw from Customer’s Storage Inventory and deliver to Customer a quantity of Gas up to Customer’s Maximum Daily Withdrawal Quantity, as set forth on Exhibit “A”.

ARTICLE II – POINTS OF RECEIPT AND DELIVERY

The point(s) at which the Gas is to be tendered by Customer to SGRM under this Agreement shall be the point(s) designated on Exhibit “A” (Customer’s Point(s) of Receipt).

The point(s) at which the Gas is to be tendered by SGRM to Customer under this Agreement shall the Point(s) designated on Exhibit “A” (Customer’s Point(s) of Delivery).

ARTICLE III – RATES

Customer agrees to pay SGRM the charges as set forth on Exhibit “A” and all other applicable fees and charges as set forth in SGRM’s Tariff and in Rate Schedule ISS.

Customer shall either pay directly to the taxing authority or reimburse SGRM for all applicable taxes as may be assessed against SGRM for the receipt, injection, storage, withdrawal and/or delivery of Customer’s Gas. In addition, Customer shall either pay directly to the taxing authority or reimburse SGRM for Customer’s pro rata portion, calculated using the same methodology as that used to assess the tax, of all ad valorem taxes, property taxes and/or other similar taxes on Customer’s Gas in storage assessed against and paid by SGRM.

ARTICLE IV – INCORPORATION OF RATE SCHEDULE AND TARIFF PROVISIONS

This Agreement is subject to the terms and conditions specified in SGRM’s Rate Schedule ISS and the provisions of SGRM’s Tariff, as amended from time to time and on file with the Federal Energy Regulatory Commission.

ARTICLE V – TERM OF AGREEMENT

This Agreement shall be effective as of _____, ____ and shall remain in force and effect until _____, ____ (“Term”).

ARTICLE VI – NOTICES

Notices shall be sent in accordance with SGRM’s Tariff, GT&C 18, as follows:

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

COMMERCIAL

COMMERCIAL

SG Resources Mississippi, L.L.C.
333 Clay Street, Suite 1500
Houston, Texas 77002
Contact: Sr. Vice President - Commercial
Telephone: 713-652-3678
E-Mail: bjreese@pnglp.com

Customer
Address Line 1
Address Line 2
Contact:
Telephone:
E-Mail:

CONTRACT ADMINISTRATION

CONTRACT ADMINISTRATION

SG Resources Mississippi, L.L.C.
333 Clay Street, Suite 1500
Houston, Texas 77002
Contact: Contract Administration
Telephone: 713-646-4161
E-Mail: cadministration@pnglp.com

Customer
Address Line 1
Address Line 2
Contact:
Telephone:
E-Mail:

BILLING

BILLING

SG Resources Mississippi, L.L.C.
333 Clay Street, Suite 1500
Houston, Texas 77002
Contact: Accounting
Telephone: 713-993-5253
E-Mail: dcoshea@pnglp.com

Customer
Address Line 1
Address Line 2
Contact:
Telephone:
E-Mail:

In all instances, the Parties shall use their reasonable efforts to provide notice prior to 5 p.m. Central Clock Time. Notice received before 5 p.m. Central Clock Time shall be deemed effective the day of receipt. Notice received after 5 p.m. Central Clock Time shall be deemed effective the day following receipt.

ARTICLE VII - LAW OF AGREEMENT

THE INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO DOCTRINES GOVERNING CHOICE OF LAW.

ARTICLE VIII – LIMITATION OF REMEDIES, LIABILITY AND DAMAGES

UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING WITHOUT LIMITATION, LOSS OF VALUE, LOSS OF FINANCIAL ADVANTAGE, LOSS OF PROFIT OR BUSINESS INTERRUPTIONS, HOWEVER SAME MAY BE CAUSED, AND SHALL BE LIMITED, TO ACTUAL DAMAGES ONLY.

ARTICLE IX – PRIOR AGREEMENTS CANCELLED

SGRM and Customer agree that this Agreement, as of the date hereof, shall supersede and cancel the following Agreement(s) between the parties hereto:

Storage Service Agreement number _____, dated _____, _____.

ARTICLE X – MISCELLANEOUS

- 10.1. This Agreement sets forth all understandings and agreements between the Parties respecting the subject matter hereof, and all prior agreements, understandings and representations, whether written or oral, respecting the subject matter hereof are superseded by this Agreement. No modification of the terms and provisions of this Agreement shall be made except by the execution by both Parties of a written agreement.
- 10.2. No waiver by a Party of any default(s) by the other Party in the performance of any provision, condition or requirement of this Agreement shall operate or be construed as a waiver of any future default(s), whether of a like or of a different character, nor in any manner release the defaulting Party from performance of any other provision, condition or requirement set forth herein.
- 10.3. If any provision of this Agreement is declared null and void or voidable by a court of competent jurisdiction, such declaration shall in no way affect the validity or effectiveness of the other provisions of this Agreement, which shall remain in full force and effect, and the Parties shall thereafter use commercially reasonable efforts to agree upon an equitable adjustment of the provisions of this Agreement with a view to effecting its purpose.
- 10.4. No presumption shall operate in favor of or against any Party as a result of any responsibility or role that any Party may have had in the drafting of this Agreement.
- 10.5. This Agreement shall not create any rights in third parties, and no provisions hereof shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than SGRM or Customer.
- 10.6. This Agreement may be executed in counterparts, and all such executed counterparts shall form part of this Agreement. An electronic signature shall be deemed to be an original signature for purposes of this

Agreement. Documents delivered electronically shall be deemed to be originals for purposes of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed in several counterparts by their authorized agents as of the date first written above.

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Exhibit "A"

I. Maximum Quantities

A. Maximum Storage Quantity ("MSQ")		
Date or event	MSQ	Dth
_____		_____Dth
_____		_____Dth
B. Maximum Daily Injection Quantity ("MDIQ")		
Date or event	MDIQ	Dth
_____		_____Dth
_____		_____Dth
C. Maximum Daily Withdrawal Quantity ("MDWQ")		
Date or event	MDWQ	Dth
_____		_____Dth
_____		_____Dth

Notes: The MSQ, MDIQ and MDWQ quantities set forth for a specified period shall remain in effect until the conclusion of the Gas Day preceding the date or event specified as the date or event on which a revised MSQ, MDIQ and MDWQ is to become effective.

Additional lines may be added if SGRM and Customer agree to additional date or event ranges defining specific MSQ, MDIQ, and MDWQ quantities.

II. Point(s) of Receipt and Point(s) of Delivery

Maximum Daily Receipt Quantity ("MDRQ") and Maximum Daily Delivery Quantity ("MDDQ")

Date or event: _____

	MDRQ	MDDQ
Destin	_____Dth	_____Dth
Destin_GulfSouth	_____Dth	_____Dth
FGT_MBL	_____Dth	_____Dth
FGT_Z3	_____Dth	_____Dth
SESH	_____Dth	_____Dth
SPEC Hub	_____Dth	_____Dth
Transco 4A	_____Dth	_____Dth
_____	_____Dth	_____Dth
_____	_____Dth	_____Dth

Notes: The MDRQ and MDDQ values set forth above shall remain in effect until the conclusion of the Gas Day preceding the date or event specified as the date or event on which a revised MDRQ and/or MDDQ is to become effective.

Additional lines may be added in the event that the Parties agree that the quantities associated with any primary Point(s) of Receipt and primary Point(s) of Delivery shall change during the Term.

III. Insurance

SGRM shall / shall not be responsible for obtaining for the benefit of Customer insurance coverage against casualty events that result in the loss of Gas held in storage in the SGRM storage facility, in accordance with GT&C 16.

IV. Rates and Charges

Date or event: _____

Interruptible Storage Inventory Charge _____ \$/Dth/Month

Commodity Charges Applicable to the following:

Interruptible Storage Injection Charge		Interruptible Storage Withdrawal Charge	
Point(s) of Receipt	\$/Dth	Point(s) of Delivery	\$/Dth
Destin	_____ \$/Dth	Destin	_____ \$/Dth
Destin_Gulf South	_____ \$/Dth	Destin_GulfSouth	_____ \$/Dth
FGT_MBL	_____ \$/Dth	FGT_MBL	_____ \$/Dth
FGT_Z3	_____ \$/Dth	FGT_Z3	_____ \$/Dth
SESH	_____ \$/Dth	SESH	_____ \$/Dth
SPEC Hub	_____ \$/Dth	SPEC Hub	_____ \$/Dth
Transco 4A	_____ \$/Dth	Transco 4A	_____ \$/Dth
_____	_____ \$/Dth	_____	_____ \$/Dth
_____	_____ \$/Dth	_____	_____ \$/Dth

Notes: For points for which pricing is not specified above, the Parties must agree on a price under a separate agreement prior to Customer nominating service using such points.

Add as many commodity rates for different Point(s) of Receipt and Point(s) of Delivery as necessary.

Additional lines may be added in the event that the Parties agree that the rates and charges shall change during the Term.

The charges for a specified period shall remain in effect until the conclusion of the Gas Day preceding the date or event specified as the date or event on which revised charges are to become effective.

Fuel Reimbursement _____

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Interruptible Parking Service Agreement

Execution Copy

Agreement No.

Date

In addition, footer may be inserted on each page of this Agreement for administrative purposes.]

7.4 INTERRUPTIBLE PARKING SERVICE AGREEMENT
(For Use Under Rate Schedule IP)

This Agreement is made as of the ____ day of _____, ____, by and between SG RESOURCES MISSISSIPPI, L.L.C., a Delaware limited liability company herein called "SGRM," and

a. _____, a(n) _____, herein called "Customer,"

or, if the criteria below are met,

b. _____, a(n) _____ as "Agent" for _____, an _____
[list all applicable entities] ("Principals"), herein individually and collectively called "Customer;" provided that the Principals meet the requirements set forth in Section 1.2 of Rate Schedule IP of SGRM's Tariff,

(SGRM and Customer may individually be referred to as "Party" and collectively referred to as the "Parties"), pursuant to the following recitals and representations:

WHEREAS, SGRM operates an underground natural gas storage facility known as the Southern Pines Energy Center and is authorized by the Federal Energy Regulatory Commission to provide natural gas storage and related services;

WHEREAS, Customer has requested that SGRM provide certain Interruptible parking services for Customer; and

WHEREAS, SGRM has agreed to provide such Interruptible parking services for Customer subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, SGRM and Customer agree as follows:

ARTICLE I – SCOPE OF AGREEMENT

In accordance with the terms of SGRM's Rate Schedule IP, and of this Agreement, SGRM shall on any Day of the Injection Period, as set forth on Exhibit "A" ("Injection Period"), receive for injection into storage for Customer's account a quantity of Gas up to Customer's Maximum Daily Injection Quantity, as set forth on Exhibit "A", shall store quantities of Gas so injected, up to a Maximum Park Quantity as set forth on Exhibit "A" (on a cumulative basis), and on demand on any Day during the Withdrawal Period, as set forth on Exhibit "A" ("Withdrawal Period"), shall allow Customer to withdraw from Customer's Storage Inventory and deliver to Customer a quantity of Gas up to Customer's Maximum Daily Withdrawal Quantity as set forth on Exhibit "A". Injections shall occur under this Agreement such that Customer's Storage Inventory at the end of the Injection Period is equal to Customer's Maximum Park Quantity. Withdrawals shall occur under this Agreement such that Customer's Park Balance shall equal zero (0) at the end of the Withdrawal Period.

ARTICLE II – POINTS OF RECEIPT AND DELIVERY

The point(s) at which the Gas is to be tendered by Customer to SGRM under this Agreement shall be the point(s) designated on Exhibit "A" (Customer's Point(s) of Receipt).

The point(s) at which the Gas is to be tendered by SGRM to Customer under this Agreement shall be the point(s) designated on Exhibit "A" (Customer's Point(s) of Delivery).

ARTICLE III – RATES

Customer agrees to pay SGRM the charges as set forth on Exhibit "A" and all other applicable fees and charges as set forth in SGRM's Tariff and in Rate Schedule IP.

Customer shall either pay directly to the taxing authority or reimburse SGRM for all applicable taxes as may be assessed against SGRM for the receipt, injection, storage, withdrawal and/or delivery of Customer's Gas. In addition, Customer shall either pay directly to the taxing authority or reimburse SGRM for Customer's pro rata portion, calculated using the same methodology as that used to assess the tax, of all ad valorem taxes, property taxes and/or other similar taxes on Customer's Gas in storage assessed against and paid by SGRM.

ARTICLE IV – INCORPORATION OF RATE SCHEDULE AND TARIFF PROVISIONS

This Agreement is subject to the terms and conditions specified in SGRM's Rate Schedule IP and the provisions of SGRM's Tariff, as amended from time to time and on file with the Federal Energy Regulatory Commission.

ARTICLE V – TERM OF AGREEMENT

This Agreement shall be effective as of _____, ____ and shall remain in force and effect until _____, ____ ("Term").

ARTICLE VI – NOTICES

Notices shall be sent in accordance with SGRM's Tariff, GT&C 18, as follows:

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

COMMERCIAL

COMMERCIAL

SG Resources Mississippi, L.L.C.
333 Clay Street, Suite 1500
Houston, Texas 77002
Contact: Sr. Vice President - Commercial
Telephone: 713-652-3678
E-Mail: bjreese@pnglp.com

Customer
Address Line 1
Address Line 2
Contact:
Telephone:
E-Mail:

CONTRACT ADMINISTRATION

CONTRACT ADMINISTRATION

SG Resources Mississippi, L.L.C.
333 Clay Street, Suite 1500
Houston, Texas 77002
Contact: Contract Administration
Telephone: 713-646-4161
E-Mail: cadministration@pnglp.com

Customer
Address Line 1
Address Line 2
Contact:
Telephone:
E-Mail:

BILLING

SG Resources Mississippi, L.L.C.
333 Clay Street, Suite 1500
Houston, Texas 77002
Contact: Accounting
Telephone: 713-993-5253
E-Mail: dcoshea@pnglp.com

BILLING

Customer
Address Line 1
Address Line 2
Contact:
Telephone:
E-Mail:

In all instances, the Parties shall use their reasonable efforts to provide notice prior to 5 p.m. Central Clock Time. Notice received before 5 p.m. Central Clock Time shall be deemed effective the day of receipt. Notice received after 5 p.m. Central Clock Time shall be deemed effective the day following receipt.

ARTICLE VII - LAW OF AGREEMENT

THE INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO DOCTRINES GOVERNING CHOICE OF LAW.

ARTICLE VIII – LIMITATION OF REMEDIES, LIABILITY AND DAMAGES

UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING WITHOUT LIMITATION, LOSS OF VALUE, LOSS OF FINANCIAL ADVANTAGE, LOSS OF PROFIT OR BUSINESS INTERRUPTIONS, HOWEVER SAME MAY BE CAUSED, AND SHALL BE LIMITED, TO ACTUAL DAMAGES ONLY.

ARTICLE IX – PRIOR AGREEMENTS CANCELLED

SGRM and Customer agree that this Agreement, as of the date hereof, shall supersede and cancel the following Agreement(s) between the parties hereto:

Storage Service Agreement number _____, dated _____, _____.

ARTICLE X – MISCELLANEOUS

- 10.1. This Agreement sets forth all understandings and agreements between the Parties respecting the subject matter hereof, and all prior agreements, understandings and representations, whether written or oral, respecting the subject matter hereof are superseded by this Agreement. No modification of the terms and provisions of this Agreement shall be made except by the execution by both Parties of a written agreement.
- 10.2. No waiver by a Party of any default(s) by the other Party in the performance of any provision, condition or requirement of this Agreement shall operate or be construed as a waiver of any future default(s), whether of a like or of a different character, nor in any manner release the defaulting Party from performance of any other provision, condition or requirement set forth herein.
- 10.3. If any provision of this Agreement is declared null and void or voidable by a court of competent jurisdiction, such declaration shall in no way affect the validity or effectiveness of the other provisions of this Agreement, which shall remain in full force and effect, and the Parties shall thereafter use commercially reasonable efforts to agree upon an equitable adjustment of the provisions of this Agreement with a view to effecting its purpose.

- 10.4 No presumption shall operate in favor of or against any Party as a result of any responsibility or role that any Party may have had in the drafting of this Agreement.
- 10.5 This Agreement shall not create any rights in third parties, and no provisions hereof shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than SGRM or Customer.
- 10.6 This Agreement may be executed in counterparts, and all such executed counterparts shall form part of this Agreement. An electronic signature shall be deemed to be an original signature for purposes of this Agreement. Documents delivered electronically shall be deemed to be originals for purposes of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed in several counterparts by their authorized agents as of the date first written above.

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Exhibit "A"

I. Park Term

Injection Period Start Date _____
 Injection Period End Date _____
 Withdrawal Period Start Date _____
 Withdrawal Period End Date _____

II. Maximum Quantities

A. Maximum Park Quantity ("MPQ")

Date or event	MPQ
_____	_____ Dth
_____	_____ Dth

B. Maximum Daily Injection Quantity ("MDIQ")

Date or event	MDIQ
_____	_____ Dth
_____	_____ Dth

C. Maximum Daily Withdrawal Quantity ("MDWQ")

Date or event	MDWQ
_____	_____ Dth
_____	_____ Dth

Notes: The MPQ, MDIQ and MDWQ quantities set forth for a specified period shall remain in effect until the conclusion of the Gas Day preceding the date or event specified as the date or event on which a revised MPQ, MDIQ and MDWQ is to become effective.

Additional lines may be added if SGRM and Customer agree to additional date or event ranges defining specific MPQ, MDIQ, and MDWQ quantities.

III. Point(s) of Receipt and Point(s) of Delivery

Maximum Daily Receipt Quantity ("MDRQ") and Maximum Daily Delivery Quantity ("MDDQ")

Date or event: _____

	MDRQ	MDDQ
Destin	_____ Dth	_____ Dth
Destin_GulfSouth	_____ Dth	_____ Dth
FGT_MBL	_____ Dth	_____ Dth
FGT_Z3	_____ Dth	_____ Dth
SESH	_____ Dth	_____ Dth
SPEC Hub	_____ Dth	_____ Dth
Transco 4A	_____ Dth	_____ Dth
_____	_____ Dth	_____ Dth
_____	_____ Dth	_____ Dth

Notes: The MDRQ and MDDQ values set forth above shall remain in effect until the conclusion of the Gas Day preceding the date or event specified as the date or event on which a revised MDRQ and/or MDDQ is to become effective.

Additional lines may be added in the event that the Parties agree that the quantities associated with any primary Point(s) of Receipt and primary Point(s) of Delivery shall change during the Term.

IV. Insurance

SGRM shall / shall not be responsible for obtaining for the benefit of Customer insurance coverage against casualty events that result in the loss of Gas held in storage in the SGRM storage facility, in accordance with GT&C 16.

V. Rates and Charges

Date or event: _____

Interruptible Parking Charge _____ \$/Dth/Month

Commodity Charges Applicable to the following:

Interruptible Parking Injection Charge		Interruptible Parking Withdrawal Charge	
Point(s) of Receipt	\$/Dth	Point(s) of Delivery	\$/Dth
Destin	_____ \$/Dth	Destin	_____ \$/Dth
Destin_Gulf South	_____ \$/Dth	Destin_GulfSouth	_____ \$/Dth
FGT_MBL	_____ \$/Dth	FGT_MBL	_____ \$/Dth
FGT_Z3	_____ \$/Dth	FGT_Z3	_____ \$/Dth
SESH	_____ \$/Dth	SESH	_____ \$/Dth
SPEC Hub	_____ \$/Dth	SPEC Hub	_____ \$/Dth
Transco 4A	_____ \$/Dth	Transco 4A	_____ \$/Dth
_____	_____ \$/Dth	_____	_____ \$/Dth
_____	_____ \$/Dth	_____	_____ \$/Dth

Notes: For points for which pricing is not specified above, the Parties must agree on a price under a separate agreement prior to Customer nominating service using such points.

Add as many commodity rates for different Point(s) of Receipt and Point(s) of Delivery as necessary.

Additional lines may be added in the event that the Parties agree that the rates and charges shall change during the Term.

The charges for a specified period shall remain in effect until the conclusion of the Gas Day preceding the date or event specified as the date or event on which revised charges are to become effective.

Fuel Reimbursement _____

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Interruptible Loan Service Agreement

Execution Copy

Agreement No.

Date

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

7.5 INTERRUPTIBLE LOAN SERVICE AGREEMENT (For Use Under Rate Schedule IL)

This Agreement is made as of the ____ day of _____, ____, by and between SG RESOURCES MISSISSIPPI, L.L.C., a Delaware limited liability company herein called "SGRM," and

a. _____, a(n) _____, herein called "Customer,"

or, if the criteria below are met,

b. _____, a(n) _____ as "Agent" for _____, an _____
[list all applicable entities] ("Principals"), herein individually and collectively called "Customer;" provided that the Principals meet the requirements set forth in Section 1.2 of Rate Schedule IL of SGRM's Tariff,

(SGRM and Customer may individually be referred to as "Party" and collectively referred to as the "Parties"), pursuant to the following recitals and representations:

WHEREAS, SGRM operates an underground natural gas storage facility known as the Southern Pines Energy Center and is authorized by the Federal Energy Regulatory Commission to provide natural gas storage and related services;

WHEREAS, Customer has requested that SGRM provide certain Interruptible loan services for Customer; and

WHEREAS, SGRM has agreed to provide such Interruptible loan services for Customer subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, SGRM and Customer agree as follows:

ARTICLE I – SCOPE OF AGREEMENT

In accordance with the terms of SGRM's Rate Schedule IL, and of this Agreement, SGRM shall on demand on any Day of the Withdrawal Period, as set forth on Exhibit "A" ("Withdrawal Period"), allow Customer to nominate for withdrawal and delivery a quantity of Gas up to Customer's Maximum Daily Withdrawal Quantity, as set forth on Exhibit "A", and shall on any Day of the Injection Period, as set forth on Exhibit "A" ("Injection Period"), receive for injection into storage for repayment of Customer's Loan Balance a quantity of Gas up to Customer's Maximum Daily Injection Quantity, as set forth on Exhibit "A". Withdrawals shall occur under this Agreement such that Customer's Loan Balance at the end of the Withdrawal Period is equal to Customer's Maximum Loan Quantity as set forth on Exhibit "A". Injections shall occur under this Agreement such that Customers Loan Balance shall equal zero (0) at the end of the Injection Period.

ARTICLE II – POINTS OF RECEIPT AND DELIVERY

The point(s) at which the Gas is to be tendered by Customer to SGRM under this Agreement shall be the point(s) designated on Exhibit "A" (Customer's Point(s) of Receipt).

The point(s) at which the Gas is to be tendered by SGRM to Customer under this Agreement shall be the point(s) designated on Exhibit "A" (Customer's Point(s) of Delivery).

ARTICLE III – RATES

Customer agrees to pay SGRM the charges as set forth on Exhibit "A" and all other applicable fees and charges as set forth in SGRM's Tariff and in Rate Schedule IL.

Customer shall either pay directly to the taxing authority or reimburse SGRM for all applicable taxes as may be assessed against SGRM for the receipt, injection, storage, withdrawal and/or delivery of Customer's Gas. In addition, Customer shall either pay directly to the taxing authority or reimburse SGRM for Customer's pro rata portion, calculated using the same methodology as that used to assess the tax, of all ad valorem taxes, property taxes and/or other similar taxes on Customer's Gas in storage assessed against and paid by SGRM.

ARTICLE IV – INCORPORATION OF RATE SCHEDULE AND TARIFF PROVISIONS

This Agreement is subject to the terms and conditions specified in SGRM's Rate Schedule IL and the provisions of SGRM's Tariff, as amended from time to time and on file with the Federal Energy Regulatory Commission.

ARTICLE V – TERM OF AGREEMENT

This Agreement shall be effective as of _____, ____ and shall remain in force and effect until _____, ____ ("Term").

ARTICLE VI – NOTICES

Notices shall be sent in accordance with SGRM's Tariff, GT&C 18, as follows:

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

COMMERCIAL

COMMERCIAL

SG Resources Mississippi, L.L.C.
333 Clay Street, Suite 1500
Houston, Texas 77002
Contact: Sr. Vice President - Commercial
Telephone: 713-652-3678
E-Mail: bjreese@pnglp.com

Customer
Address Line 1
Address Line 2
Contact:
Telephone:
E-Mail:

CONTRACT ADMINISTRATION

CONTRACT ADMINISTRATION

SG Resources Mississippi, L.L.C.
333 Clay Street, Suite 1500
Houston, Texas 77002
Contact: Contract Administration
Telephone: 713-646-4161
E-Mail: cadministration@pnglp.com

Customer
Address Line 1
Address Line 2
Contact:
Telephone:
E-Mail:

BILLING

SG Resources Mississippi, L.L.C.
333 Clay Street, Suite 1500
Houston, Texas 77002
Contact: Accounting
Telephone: 713-993-5253
E-Mail: dcoshea@pnglp.com

BILLING

Customer
Address Line 1
Address Line 2
Contact:
Telephone:
E-Mail:

In all instances, the Parties shall use their reasonable efforts to provide notice prior to 5 p.m. Central Clock Time. Notice received before 5 p.m. Central Clock Time shall be deemed effective the day of receipt. Notice received after 5 p.m. Central Clock Time shall be deemed effective the day following receipt.

ARTICLE VII LAW OF AGREEMENT

THE INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO DOCTRINES GOVERNING CHOICE OF LAW.

ARTICLE VIII – LIMITATION OF REMEDIES, LIABILITY AND DAMAGES

UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING WITHOUT LIMITATION, LOSS OF VALUE, LOSS OF FINANCIAL ADVANTAGE, LOSS OF PROFIT OR BUSINESS INTERRUPTIONS, HOWEVER SAME MAY BE CAUSED, AND SHALL BE LIMITED, TO ACTUAL DAMAGES ONLY.

ARTICLE IX – PRIOR AGREEMENTS CANCELLED

SGRM and Customer agree that this Agreement, as of the date hereof, shall supersede and cancel the following Agreement(s) between the parties hereto:

Storage Service Agreement number _____, dated _____, _____.

ARTICLE X – MISCELLANEOUS

- 10.1. This Agreement sets forth all understandings and agreements between the Parties respecting the subject matter hereof, and all prior agreements, understandings and representations, whether written or oral, respecting the subject matter hereof are superseded by this Agreement. No modification of the terms and provisions of this Agreement shall be made except by the execution by both Parties of a written agreement.
- 10.2. No waiver by a Party of any default(s) by the other Party in the performance of any provision, condition or requirement of this Agreement shall operate or be construed as a waiver of any future default(s), whether of a like or of a different character, nor in any manner release the defaulting Party from performance of any other provision, condition or requirement set forth herein.
- 10.3. If any provision of this Agreement is declared null and void or voidable by a court of competent jurisdiction, such declaration shall in no way affect the validity or effectiveness of the other provisions of this Agreement, which shall remain in full force and effect, and the Parties shall thereafter use commercially reasonable efforts to agree upon an equitable adjustment of the provisions of this Agreement with a view to effecting its purpose.
- 10.4. No presumption shall operate in favor of or against any Party as a result of any responsibility or role that any Party may have had in the drafting of this Agreement.

10.5 This Agreement shall not create any rights in third parties, and no provisions hereof shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than SGRM or Customer.

10.6 This Agreement may be executed in counterparts, and all such executed counterparts shall form part of this Agreement. An electronic signature shall be deemed to be an original signature for purposes of this Agreement. Documents delivered electronically shall be deemed to be originals for purposes of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed in several counterparts by their authorized agents as of the date first written above.

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Exhibit "A"

I. Loan Term

Withdrawal Period Start Date _____
 Withdrawal Period End Date _____
 Injection Period Start Date _____
 Injection Period End Date _____

II. Maximum Quantities

A. Maximum Loan Quantity ("MLQ")

Date or event	MLQ	
_____	_____	Dth
_____	_____	Dth

B. Maximum Daily Injection Quantity ("MDIQ")

Date or event	MDIQ	
_____	_____	Dth
_____	_____	Dth

C. Maximum Daily Withdrawal Quantity ("MDWQ")

Date or event	MDWQ	
_____	_____	Dth
_____	_____	Dth

Notes: The MLQ, MDIQ and MDWQ quantities set forth for a specified period shall remain in effect until the conclusion of the Gas Day preceding the date or event specified as the date or event on which a revised MLQ, MDIQ and MDWQ is to become effective.

Additional lines may be added if SGRM and Customer agree to additional date or event ranges defining specific MLQ, MDIQ, and MDWQ quantities.

III. Point(s) of Receipt and Point(s) of Delivery

Maximum Daily Receipt Quantity ("MDRQ") and Maximum Daily Delivery Quantity ("MDDQ")

Date or event: _____

	MDRQ	MDDQ
Destin	_____ Dth	_____ Dth
Destin_GulfSouth	_____ Dth	_____ Dth
FGT_MBL	_____ Dth	_____ Dth
FGT_Z3	_____ Dth	_____ Dth
SESH	_____ Dth	_____ Dth
SPEC Hub	_____ Dth	_____ Dth
Transco 4A	_____ Dth	_____ Dth
_____	_____ Dth	_____ Dth
_____	_____ Dth	_____ Dth

Notes: The MDRQ and MDDQ values set forth above shall remain in effect until the conclusion of the Gas Day preceding the date or event specified as the date or event on which a revised MDRQ and/or MDDQ is to become effective.

Additional lines may be added in the event that the Parties agree that the quantities associated with any primary Point(s) of Receipt and primary Point(s) of Delivery shall change during the Term.

IV. Rates and Charges

Date or event: _____

Interruptible Loan Charge _____ \$/Dth/Month

Commodity Charges Applicable to the following:

Interruptible Loan Injection Charge		Interruptible Loan Withdrawal Charge	
Point(s) of Receipt	\$/Dth	Point(s) of Delivery	\$/Dth
Destin	_____ \$/Dth	Destin	_____ \$/Dth
Destin_Gulf South	_____ \$/Dth	Destin_GulfSouth	_____ \$/Dth
FGT_MBL	_____ \$/Dth	FGT_MBL	_____ \$/Dth
FGT_Z3	_____ \$/Dth	FGT_Z3	_____ \$/Dth
SESH	_____ \$/Dth	SESH	_____ \$/Dth
SPEC Hub	_____ \$/Dth	SPEC Hub	_____ \$/Dth
Transco 4A	_____ \$/Dth	Transco 4A	_____ \$/Dth
_____	_____ \$/Dth	_____	_____ \$/Dth
_____	_____ \$/Dth	_____	_____ \$/Dth

Notes: For points for which pricing is not specified above, the Parties must agree on a price under a separate agreement prior to Customer nominating service using such points.

Add as many commodity rates for different Point(s) of Receipt and Point(s) of Delivery as necessary.

Additional lines may be added in the event that the Parties agree that the rates and charges shall change during the Term.

The charges for a specified period shall remain in effect until the conclusion of the Gas Day preceding the date or event specified as the date or event on which revised charges are to become effective.

Fuel Reimbursement _____

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Hub Services Agreement

Execution Copy

Agreement No.

Date

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

7.6 HUB SERVICES AGREEMENT
(For Use Under Rate Schedules IW and IB)

This Agreement is made as of the ____ day of _____, ____, by and between SG RESOURCES MISSISSIPPI, L.L.C., a Delaware limited liability company herein called “SGRM,” and

a. _____, a(n) _____, herein called “Customer,”

or, if the criteria below are met,

b. _____, a(n) _____ as “Agent” for _____, an _____
[list all applicable entities] (“Principals”), herein individually and collectively called “Customer;” provided that Principals meet the requirements set forth in Section 1.2 of Rate Schedules IW and IB and FSS and SFS, as applicable, of SGRM’s Tariff,

(SGRM and Customer may individually be referred to as “Party” and collectively referred to as “Parties”), pursuant to the following recitals and representations:

WHEREAS, SGRM operates an underground natural gas storage facility known as the Southern Pines Energy Center and is authorized by the Federal Energy Regulatory Commission (“FERC”) to provide natural gas storage and hub service;

WHEREAS, Customer has requested that SGRM provide certain Interruptible hub services for Customer; and

WHEREAS, SGRM has agreed to provide such Interruptible hub services for Customer subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, SGRM and Customer agree as follows:

ARTICLE I – SCOPE OF AGREEMENT

In accordance with the terms of SGRM’s IW and IB Rate Schedules, as applicable, and of this Agreement, SGRM shall provide Interruptible service for Customer and shall receive, inject, store, wheel, loan, balance, withdraw and redeliver, as the case may be, quantities of Gas up to Customer’s Maximum Daily Injection Quantity (“MDIQ”), Maximum Daily Withdrawal Quantity (“MDWQ”), Maximum Storage Quantity (“MSQ”), Maximum Loan Quantity (“MLQ”) and Maximum Daily Wheeling Quantity (“MDTQ”), as applicable, as set forth on Exhibits “A” and “B”. Customer and SGRM may execute more than one of each of Exhibits “A” and “B” during the term of this Agreement, covering multiple transactions for Interruptible service.

ARTICLE II – POINTS OF RECEIPT AND DELIVERY

The point(s) at which the Gas is to be tendered by Customer to SGRM under this Agreement shall be the point(s) set forth on Exhibit “A” and Exhibit “B” (“Point(s) of Receipt”).

The point(s) at which the Gas is to be tendered by SGRM to Customer under this Agreement shall be the point(s) set forth on Exhibit “A” and Exhibit “B” (“Point(s) of Delivery”).

ARTICLE III – RATES AND CHARGES

Customer agrees to pay SGRM the charges set forth on Exhibit “A” and Exhibit “B” and all other applicable rates and charges set forth in SGRM’s tariff on file with the FERC, as amended or supplemented from time to time (“Tariff”) and in IW and IB Rate Schedules, as applicable.

Customer shall reimburse SGRM for all applicable taxes as may be assessed against SGRM for the receipt, injection, storage, withdrawal or delivery of Customer’s Gas. In addition, Customer shall reimburse SGRM for Customer’s pro rata portion, calculated using the same methodology as that used to assess the tax, of all ad valorem taxes, property taxes or other similar taxes on Customer’s Gas in storage assessed against and paid by SGRM.

ARTICLE IV – INCORPORATION OF RATE SCHEDULES AND TARIFF PROVISIONS

This Agreement is subject to the terms and conditions specified in SGRM’s IW and IB Rate Schedules, as applicable, and the provisions of SGRM’s Tariff.

ARTICLE V – TERM OF AGREEMENT

This Agreement shall be effective as of _____, _____, and shall remain in force and effect on a Month to Month basis unless terminated by either Party upon at least thirty (30) days prior written notice to the other Party, provided that this Agreement shall remain in effect until the expiration of any transactions entered into by the Parties pursuant to this Agreement.

Notices shall be sent in accordance with General Term and Condition Section 18 of SGRM’s Tariff, as follows:

SG RESOURCES MISSISSIPPI, I.L.C.

CUSTOMER _____

COMMERCIAL

COMMERCIAL

SG Resources Mississippi, L.L.C.
Attention:
Address Line 1
Address Line 2
Telephone:
E-Mail:

Customer
Attention:
Address Line 1
Address Line 2
Telephone:
E-Mail:

CONTRACT ADMINISTRATION

CONTRACT ADMINISTRATION

SG Resources Mississippi, L.L.C.
Attention:
Address Line 1
Address Line 2
Telephone:
E-Mail:

Customer
Attention:
Address Line 1
Address Line 2
Telephone:
E-Mail:

BILLING

BILLING

SG Resources Mississippi, L.L.C.
Attention:
Address Line 1
Address Line 2
Telephone:
E-Mail:

Customer
Attention:
Address Line 1
Address Line 2
Telephone:
E-Mail:

In all instances, the Parties shall use their reasonable efforts to provide notice prior to 5 p.m. Central Clock Time. Notice received before 5 p.m. Central Clock Time shall be deemed effective the day of receipt. Notice received after 5 p.m. Central Clock Time shall be deemed effective the day following receipt.

ARTICLE VII - LAW OF AGREEMENT

THE INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO DOCTRINES GOVERNING CHOICE OF LAW.

ARTICLE VIII – LIMITATION OF REMEDIES, LIABILITY AND DAMAGES

UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING WITHOUT LIMITATION, LOSS OF VALUE, LOSS OF FINANCIAL ADVANTAGE, LOSS OF PROFIT OR BUSINESS INTERRUPTIONS, HOWEVER SAME MAY BE CAUSED, AND SHALL BE LIMITED, TO ACTUAL DAMAGES ONLY.

ARTICLE IX – PRIOR AGREEMENTS CANCELLED

This Agreement, as of the date hereof, shall supersede and cancel the following agreement(s) between the Parties thereto:

Storage Service Agreement number _____, dated _____, _____.

ARTICLE X – MISCELLANEOUS

- 10.1 This Agreement sets forth all understandings and agreements between the Parties respecting the subject matter hereof, and all prior agreements, understandings and representations, whether written or oral, respecting the subject matter hereof are superseded by this Agreement. No modification of the terms and provisions of this Agreement shall be made except by the execution by both Parties of a written agreement.
- 10.2 No waiver by a Party of any default(s) by the other Party in the performance of any provision, condition or requirement of this Agreement shall operate or be construed as a waiver of any future default(s), whether of a like or of a different character, nor in any manner release the defaulting Party from performance of any other provision, condition or requirement set forth herein.
- 10.3 If any provision of this Agreement is declared null and void or voidable by a court of competent jurisdiction, such declaration shall in no way affect the validity or effectiveness of the other provisions of this Agreement, which shall remain in full force and effect, and the Parties shall thereafter use their commercially reasonable efforts to agree upon an equitable adjustment of the provisions of this Agreement with a view to effecting its purpose.
- 10.4 No presumption shall operate in favor of or against any Party as a result of any responsibility or role that any Party may have had in the drafting of this Agreement.
- 10.5 This Agreement shall not create any rights in third parties, and no provisions hereof shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than SGRM and Customer.
- 10.6 This Agreement may be executed in counterparts, and all such executed counterparts shall form part of this Agreement. An electronic signature shall be deemed to be an original signature for purposes of this

Agreement. Documents delivered electronically shall be deemed to be originals for purposes of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed in several counterparts by their authorized agents as of the date first written above.

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Exhibit "A"
Interruptible Wheeling Service (Rate Schedule IW)

Maximum Daily Wheeling Quantity ("MDTQ") _____ Dth/Day

Point of Receipt	Quantity	\$/Dth	Point of Delivery	Quantity	\$/Dth
Destin	_____ Dth	_____ \$/Dth	Destin	_____ Dth	_____ \$/Dth
Destin_GulfSouth	_____ Dth	_____ \$/Dth	Destin_GulfSouth	_____ Dth	_____ \$/Dth
FGT_MBL	_____ Dth	_____ \$/Dth	FGT_MBL	_____ Dth	_____ \$/Dth
FGT_Z3	_____ Dth	_____ \$/Dth	FGT_Z3	_____ Dth	_____ \$/Dth
SESH	_____ Dth	_____ \$/Dth	SESH	_____ Dth	_____ \$/Dth
SPEC Hub	_____ Dth	_____ \$/Dth	SPEC Hub	_____ Dth	_____ \$/Dth
Transco 4A	_____ Dth	_____ \$/Dth	Transco 4A	_____ Dth	_____ \$/Dth
_____	_____ Dth	_____ \$/Dth	_____	_____ Dth	_____ \$/Dth
_____	_____ Dth	_____ \$/Dth	_____	_____ Dth	_____ \$/Dth

Begin Date _____

End Date _____

Fuel Reimbursement _____

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Exhibit "B"
Interruptible Balancing Service (Rate Schedule IB)

Maximum Storage Quantity _____ Dth

Maximum Loan Quantity _____ Dth

Maximum Daily Injection Quantity _____ Dth

Maximum Daily Withdrawal Quantity _____ Dth

Begin Date _____

End Date _____

Interruptible Balancing Charge _____ \$/Dth

Interruptible Balancing Injection Charge

Interruptible Balancing Withdrawal Charge

Point of Receipt	Quantity	\$/Dth
Destin	_____ Dth	_____ \$/Dth
Destin_GulfSouth	_____ Dth	_____ \$/Dth
FGT_MBL	_____ Dth	_____ \$/Dth
FGT_Z3	_____ Dth	_____ \$/Dth
SESH	_____ Dth	_____ \$/Dth
SPEC Hub	_____ Dth	_____ \$/Dth
Transco 4A	_____ Dth	_____ \$/Dth
_____	_____ Dth	_____ \$/Dth
_____	_____ Dth	_____ \$/Dth

Point of Delivery	Quantity	\$/Dth
Destin	_____ Dth	_____ \$/Dth
Destin_GulfSouth	_____ Dth	_____ \$/Dth
FGT_MBL	_____ Dth	_____ \$/Dth
FGT_Z3	_____ Dth	_____ \$/Dth
SESH	_____ Dth	_____ \$/Dth
SPEC Hub	_____ Dth	_____ \$/Dth
Transco 4A	_____ Dth	_____ \$/Dth
_____	_____ Dth	_____ \$/Dth
_____	_____ Dth	_____ \$/Dth

Fuel Reimbursement _____

Insurance: SGRM shall shall not be responsible for obtaining for the benefit of Customer insurance coverage against casualty events that result in the loss of Gas held in storage in the SGRM storage facility, in accordance with GT&C 16.

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

[The following may be inserted in the header of each page of this Agreement, as well as any information related to the identification of the Agreement necessary for administrative purposes:

Capacity Release Umbrella Agreement

Execution Copy

Agreement No.

Date

In addition, a footer may be inserted on each page of this Agreement for administrative purposes.]

7.7 CAPACITY RELEASE UMBRELLA AGREEMENT UNDER RATE SCHEDULES FSS AND SFS

This Agreement is made as of the ____ day of _____, ____, by and between SG RESOURCES MISSISSIPPI, L.L.C., a Delaware limited liability company herein called "SGRM," and _____, a(n) _____, herein called "Replacement Customer," (SGRM and Replacement Customer may individually be referred to as "Party" and collectively referred to as the "Parties"), pursuant to the following recitals and representations:

WHEREAS,

For and in consideration of the mutual covenants and promises herein contained, the Replacement Customer and SGRM hereby agree as follows:

ARTICLE I - SCOPE OF AGREEMENT

Subject to the terms, conditions and limitations hereof, so long as the financial evaluation and credit appraisal requirements are met in order for Replacement Customer to be on SGRM's approved bidder list for capacity releases and to execute this Capacity Release Umbrella Agreement pursuant to GT&C 4, and this Capacity Release Umbrella Agreement is effective, Replacement Customer may bid from time to time on proposed capacity releases under Rate Schedules FSS and SFS, pursuant to the procedure set forth in GT&C 4. If at any time a bid submitted by Replacement Customer is accepted by SGRM with respect to a given capacity release, SGRM will promptly finalize the appropriate Addendum to this Capacity Release Umbrella Agreement, in the format attached hereto. The parties agree that each Addendum is an integral part of this Capacity Release Umbrella Agreement as if executed by the parties hereto and fully copied and set forth herein at length and is binding on the parties hereto. Upon finalization of such Addendum, Replacement Customer and SGRM agree that Replacement Customer shall be considered for all purposes as a Customer with respect to the released service.

Upon the finalization of an Addendum, subject to the terms, conditions and limitations hereof and of SGRM's Rate Schedules FSS and SFS, SGRM agrees to provide the released service for Replacement Customer under the applicable Rate Schedule, provided however, the Replacement Customer shall have qualified under the financial evaluation and credit appraisal requirements set forth in GT&C 31.

Replacement Customer hereby agrees promptly to provide any information necessary for SGRM to reevaluate SGRM's credit appraisal as contemplated by GT&C 31 and to advise SGRM of any material change in the information previously provided by the Replacement Customer to SGRM.

ARTICLE II - TERM OF AGREEMENT

This Capacity Release Umbrella Agreement shall become effective on _____, _____, and shall remain in force and effect on a month to month basis unless terminated by either Party upon at least thirty (30) days prior written notice to the other Party, provided that this Agreement shall remain in effect until the expiration of any transactions entered into by the Parties pursuant to this Agreement.

ARTICLE III - RATE SCHEDULES

Replacement Customer agrees that SGRM shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in (a) the rates and charges applicable to service pursuant to this Capacity Release Umbrella Agreement (b) the terms and conditions of this Capacity Release Umbrella Agreement, pursuant to which service hereunder is rendered or (c) any provision of the General Terms and Conditions applicable to this Capacity Release Umbrella Agreement. SGRM agrees that the Replacement Customer may protest or contest the aforementioned filings, and the Replacement Customer does not waive any rights it may have with respect to such filings.

ARTICLE IV – NOTICES

Notices shall be sent in accordance with SGRM's Tariff, GT&C 18, as follows:

SG RESOURCES MISSISSIPPI, L.L.C.

COMMERCIAL

SG Resources Mississippi, L.L.C.
333 Clay Street, Suite 1500
Houston, Texas 77002
Contact: Sr. Vice President - Commercial
Telephone: 713-652-3678
E-Mail: bjreese@pnglp.com

CONTRACT ADMINISTRATION

SG Resources Mississippi, L.L.C.
333 Clay Street, Suite 1500
Houston, Texas 77002
Contact: Contract Administration
Telephone: 713-646-4161
E-Mail: cadministration@pnglp.com

BILLING

SG Resources Mississippi, L.L.C.
333 Clay Street, Suite 1500
Houston, Texas 77002
Contact: Accounting
Telephone: 713-993-5253
E-Mail: dcoshea@pnglp.com

CUSTOMER _____

COMMERCIAL

Customer
Address Line 1
Address Line 2
Contact:
Telephone:
E-Mail:

CONTRACT ADMINISTRATION

Customer
Address Line 1
Address Line 2
Contact:
Telephone:
E-Mail:

BILLING

Customer
Address Line 1
Address Line 2
Contact:
Telephone:
E-Mail:

In all instances, the Parties shall use their reasonable efforts to provide notice prior to 5 p.m. Central Clock Time. Notice received before 5 p.m. Central Clock Time shall be deemed effective the day of receipt. Notice received after 5 p.m. Central Clock Time shall be deemed effective the day following receipt.

ARTICLE V - RELATIONSHIP BETWEEN REPLACEMENT CUSTOMER AND RELEASING CUSTOMER

If Replacement Customer fails to pay SGRM, fails to timely pay SGRM, or otherwise breaches this Capacity Release Umbrella Agreement or Replacement Customer's Replacement FSS Agreement or Replacement Customer's SFS Agreement with SGRM: (a) both Replacement Customer and Releasing Customer (except to the extent otherwise provided in GT&C 4 and except with respect to penalties attributable to Replacement Customer's conduct) shall be liable to SGRM for such failure to pay or breach (it being understood that nothing in this Article V

relieves Releasing Customer from responsibility to pay SGRM in accordance with its Storage Service Agreements with SGRM) and (b) if, as a result of such breach by Replacement Customer, Releasing Customer is accordingly required to pay SGRM or otherwise perform, Releasing Customer may have a cause of action for breach against Replacement Customer.

ARTICLE VI – INCORPORATION OF TARIFF PROVISIONS

This Agreement is subject to the provisions of SGRM’s Tariff, as amended from time to time and on file with the Federal Energy Regulatory Commission.

ARTICLE VII - LAW OF AGREEMENT

THE INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO DOCTRINES GOVERNING CHOICE OF LAW.

ARTICLE VIII – LIMITATION OF REMEDIES, LIABILITY AND DAMAGES

UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING WITHOUT LIMITATION, LOSS OF VALUE, LOSS OF FINANCIAL ADVANTAGE, LOSS OF PROFIT OR BUSINESS INTERRUPTIONS, HOWEVER SAME MAY BE CAUSED, AND SHALL BE LIMITED, TO ACTUAL DAMAGES ONLY.

ARTICLE IX– MISCELLANEOUS

- 9.1. Except as otherwise provided herein, this Agreement sets forth all understandings and agreements between the Parties respecting the subject matter hereof, and all prior agreements, understandings and representations, whether written or oral, respecting the subject matter hereof are superseded by this Agreement. No modification of the terms and provisions of this Agreement shall be made except by the execution by both Parties of a written agreement.
- 9.2. No waiver by a Party of any default(s) by the other Party in the performance of any provision, condition or requirement of this Agreement shall operate or be construed as a waiver of any future default(s), whether of a like or of a different character, nor in any manner release the defaulting Party from performance of any other provision, condition or requirement set forth herein.
- 9.3. If any provision of this Agreement is declared null and void or voidable by a court of competent jurisdiction, such declaration shall in no way affect the validity or effectiveness of the other provisions of this Agreement, which shall remain in full force and effect, and the Parties shall thereafter use commercially reasonable efforts to agree upon an equitable adjustment of the provisions of this Agreement with a view to effecting its purpose.
- 9.4. No presumption shall operate in favor of or against any Party as a result of any responsibility or role that any Party may have had in the drafting of this Agreement.
- 9.5. This Agreement shall not create any rights in third parties, and no provisions hereof shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than SGRM or Customer.
- 9.6. This Agreement may be executed in counterparts, and all such executed counterparts shall form part of this Agreement. An electronic signature shall be deemed to be an original signature for purposes of this Agreement. Documents delivered electronically shall be deemed to be originals for purposes of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed in several counterparts by their authorized agents as of the date first written above.

SG RESOURCES MISSISSIPPI, L.L.C.

CUSTOMER _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Addendum
Capacity Release Umbrella Agreement

Deal No.: _____
Addendum Contract No.: _____
Capacity Release Agreement No. _____

Replacement Customer: _____

Releasing Customer: _____

Released Agreement No.: _____

Begin Date of Release: _____

End Date of Release: _____

Is the release of capacity a total release or partial release? Total Partial

Is the release permanent or temporary? Permanent Temporary

Is this capacity subject recall? Yes No

Recall Conditions (if applicable) _____

Are there any restrictions on released capacity? Yes No

Restrictions (if applicable) _____

Were SGRM's default bid evaluation criteria used? Yes No

Evaluation Criteria (if applicable) _____

Were contingent bids accepted? Yes No

Contingency comments (if applicable) _____

Is inventory included with the release? Yes No

Comments (if applicable) _____

Other Terms and Conditions of Release [e.g., restrictions on release, third-party agent and terms of third-party agency relationship and agreements between Replacement Customer and Releasing Customer]

I. Capacity Release Attachment

- Attach Replacement Customer's new FSS Exhibit "A"
- Attach Replacement Customer's new SFS Exhibit "A"