

Rate Schedule CS-1
Sublette, KS Firm Compression Service

3. APPLICABILITY AND CHARACTER OF SERVICE

Subject to the provisions of this Rate Schedule CS-1, service rendered under the CS-1 Agreement shall consist of the following:

- a) This Rate Schedule shall apply to the firm compression of natural gas. The receipt point shall be the inlet side of Northern's Sublette, KS Compressor Station. The delivery point shall be the discharge side of the Sublette Compressor Station that is delivered into the Liberal Lateral.
- b) The service provided hereunder involves compression only. No transportation service is provided under this Rate Schedule.
- c) Compression of Exhibit A Volumes shall be considered firm. Compression of volumes in excess of Exhibit A volumes shall be considered interruptible.

4. COMPRESSION SERVICES

- a) Capacity Reservation. Northern will reserve for the use of Shipper that portion of the compression capacity of the Northern Sublette Compressors required for the compression of the Exhibit A Volumes.
- b) Compression Service. Northern will accept gas (1) up to the Exhibit A Volumes plus fuel and unaccounted for volumes attributable to that gas and (2) subject to the availability of capacity, any Additional Gas Volumes, plus fuel and unaccounted for volumes attributable to that gas, at the inlet of the Northern Sublette Compressor Station. Northern will compress the GLV and redeliver the NLV to Shipper at the Delivery Point.
- c) Notice of Volumes. Shipper must notify Northern's Gas Control Department in writing by 11:30 a.m. on a daily basis of the expected NLV to be delivered at the Delivery Point for the next day. In addition, Shipper must confirm to Northern the OSV to be delivered at the Receipt Point.
- d) Imbalances. Shipper shall be responsible for the "Imbalance Gas" as defined below. The Imbalance Gas shall be determined as the difference between (1) the Total Station Volume less the Other Shipper Volume not scheduled to the Liberal Lateral less the Actual Fuel and (2) the actual measured volume at the Liberal Lateral (NLV). The formula for the calculation is $[(TSV-OSV)-Actual\ Fuel]-NLV$. Northern shall notify Shipper by the 9th business day of the following month of the Imbalance Gas owed to Northern for compression service during the previous month by tendering an Imbalance Statement to Shipper. Shipper shall notify Northern by the 12th business day of the month to elect its method of resolving the imbalance as provided below. Shipper may (1) resolve the Imbalance Gas in kind by delivering additional gas at the Receipt Point during the month or (2) cashing out the Imbalance Gas by paying to Northern the Imbalance Gas times the Imbalance Index Price, as defined below. The "Imbalance Index Price" shall be computed in the same manner as Northern's Average Field Area Monthly Index Price as that term is set forth from time to time in Northern's FERC Gas Tariff except the "Imbalance Index Price" computation shall only include Panhandle Eastern TX-OKLA index price.