

GENERAL TERMS AND CONDITIONS

E. Contracts to Divert Supply During A Curtailment

Northern will make its website available for "Curtailment Supply Wanted" and "Curtailment Supply Available" so that firm Shippers can enter into voluntary contractual arrangements to provide for supply in the event of a curtailment. Under such an arrangement, a curtailment supplier will, during the period of curtailment, divert its supply by limiting its takes up to the quantity specified in the contract within four hours of the emergency curtailment announcement. Contract parties who do not receive gas under said contract during a curtailment must pursue whatever remedies they have for breach of contract.

F. Curtailment Compensation Plan

In the event a firm Shipper, who has not entered into a contract to have its supply diverted, as described in Section 19.E. above, has its supply diverted during a curtailment, or is not permitted to use or schedule capacity up to its initial pro rata curtailment share of capacity during the curtailment due to an emergency exemption, the following compensation procedure will be followed:

1. In the event that scheduled and confirmed flowing gas supplies are diverted from a firm shipper, the measure of daily compensation for supply shall be a rate of two hundred seventy-five percent (275%) of the daily arithmetic average of the three (3) Price discovery points of Panhandle, Tx.- Okla. Northern (demarc) and Northern (Ventura as reported in the publication "Gas Daily" under its Daily Price Summary column per MMBtu, for the day(s) of curtailment, plus one hundred percent (100%) of all daily transportation demand charges.

In the event a Shipper is unable to use or schedule its capacity up to its initial pro rata curtailment share of capacity during the curtailment due to an emergency exemption, the measure of daily compensation is one hundred percent (100%) of all daily transportation demand charges for the difference between the Shipper's initial pro rata curtailment share of capacity and the adjusted level of pro rata curtailment capacity.

This provision for compensation is considered a liquidated damages clause and therefore, shall be the only measure of compensation for parties who did not receive their scheduled quantity during the curtailment and/or were not able to use their capacity up to their initial pro rata curtailment share of capacity. Northern will take all reasonable steps to collect such compensation from the parties receiving gas above their scheduled quantity or capacity above their initial pro rata share during the curtailment and will pay any amounts collected under this provision to the parties who did not receive their scheduled quantity or their initial pro rata curtailment share of capacity during the curtailment. However, in the event Northern is unable to collect such compensation from the responsible parties after taking all reasonable steps, Northern shall not be liable for payment to the parties entitled to such compensation.

2. In no event will Shippers involved in a dispute as to the diversion of their gas during a curtailment seek to hold Northern liable for direct or consequential damages resulting from the diversion of gas. Further, it is clearly understood that Northern will act merely as a conduit with respect to any role it may have in the collection of monies as payment for diverted gas.