

GENERAL TERMS AND CONDITIONS

Northern has the right to require an increase or reduction of firm receipts at Carlton on a non-discriminatory basis for system integrity. The phrase, "for system integrity", means that Northern has the right to require, in resolving the Carlton problem, an increase or decrease of receipts at Carlton on a non-discriminatory basis in order for Northern to meet its contractual firm delivery obligations downstream of Farmington up to a maximum of 250,000 MMBtu/day as provided for under the Settlement. Northern will schedule the nominated volume in accordance with its tariff as further provided herein. In the event that an increase in flow is needed, Northern shall call on the volume on a pro rata basis. In the event Northern calls on the volume, Northern shall also require the Other Carlton Entitlement to flow an amount equal to the percentage of the volume Northern has called on to the Total Current Peak Entitlement on Schedule 1, times their primary receipt point capacity at Carlton. This Other Carlton Entitlement shall not be required to nominate or flow less than or more than the Shipper's market requirements and/or uses.

A Carlton Sourcer or Other Carlton Shipper with a delivery point downstream of Farmington may reduce its deliveries at that specific point and receive a concomitant reduction in its requirement to receive its specified level of volumes at Carlton provided such shipper's nomination is at an individual point/TBS level and the individual delivery point/market reduction is verifiable. To the extent a shipper has the right and utilizes zone nominations, if such shipper nominates to reduce its obligation by reducing deliveries to a qualified delivery point in the zone, all nominations for the respective zone must be at the individual point/TBS level. Verification of the market reduction will be via affidavit which may be provided by fax or electronically as part of the nomination process. In the event a shipper exercising this provision to reduce its Carlton requirements fails to correspondingly reduce its delivery point/market, such shipper shall pay a penalty of twenty-five dollars (\$25.00) for each MMBtu of reduced Carlton requirement that does not have a concomitant reduction in delivery.

During the heating season, Northern will not reduce any nomination for firm receipts at Carlton for any Sourcer or Other Carlton Entitlement Shipper who has a verifiable market or use. Verification of such market or use may be provided by fax or electronically as part of the nomination process or otherwise in the daily routine.

When Northern requires an increase in firm receipts at Carlton, Northern will notify the appropriate parties to flow no later than twenty-four (24) hours prior to Northern's Timely Nomination deadline. When Northern requires a decrease in firm receipts at Carlton, Northern will notify the appropriate parties to decrease flow no later than twenty-four (24) hours prior to Northern's Timely Nomination deadline.

No Carlton Sourcer or Carlton Supplier/Shipper will be required to flow at Carlton for the purpose of allowing Northern to avoid curtailment, as defined in Northern's tariff, of TI service.

If, as a result of the operational flow requirements being invoked by Northern at Carlton, those shipper(s) for whom flow modifications were required, incur an imbalance penalty related solely to such flow change, the imbalance penalty shall be waived.

If any Sourcer releases any portion of the Volume, the Carlton flow obligation and all other obligations follow the Volume. In addition, the primary receipt point may not be modified. A Carlton Supplier/Shipper may not release its obligation.