

19.2 Supply

A. Receipt Point Supply Shortfall

If Northern experiences under deliveries of quantities of gas into Northern's system which render Northern unable to meet its total throughput obligations and affect the operating integrity of its system, Northern shall have the right, after providing as much advance notice as possible, to interrupt deliveries in the affected area until Northern is able to identify the Producer(s) or Shipper(s) who have failed to tender volumes equal to the volumes nominated and scheduled. Curtailment will be effected in the following sequence after Northern has made a diligent effort to identify the deficient source:

1. If the deficient source(s) are known, Northern will curtail the corresponding market.
2. If the deficient source(s) are unknown, the smallest affected area at the receipt point will be localized and curtailed in the following sequence:
 - a. Interruptible throughput will be curtailed on the basis of the lowest TI price first;
 - b. Firm service at primary or alternate points will then be curtailed pro rata.

Corresponding markets will be curtailed in the same sequence described in paragraphs 2.a. and 2.b. above.

Receipt point volumes which are independently verifiable by Northern will not be subject to the receipt point supply shortfall provisions.

After receiving notification pursuant to this Section, Shippers who are able to confirm their deliveries to Northern will be permitted to resume their service in a reasonable period of time after such confirmation. Confirmation shall mean that Northern is able, in good faith, to determine that the shipper's gas is being received, or shipper has provided to Northern an affidavit in a form acceptable to Northern confirming their deliveries.

The foregoing provisions shall not relieve Northern from responsibility for acts of negligence or willful misconduct in implementing curtailment.

In the event of a receipt point supply shortfall, the following compensation provision will apply: the Shipper(s) who were responsible for the supply shortfall which triggered the temporary supply interruption will compensate the other Shipper(s) who were not responsible for the temporary supply interruption but were curtailed during the interruption up to the level of each responsible Shipper's takes. The measure of compensation for curtailed gas in a temporary supply interruption will 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 Survey column, per Dth, for the day(s) of interruption. 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.

B. Receipt Point Supply Excess

If Northern experiences over deliveries of quantities of gas into Northern's system which affect the operating integrity of its system, Northern shall have the right after providing as much advance notice as possible, to curtail receipts in the affected area until Northern is able to identify the Shipper(s) who are tendering volumes in excess of the volumes nominated and scheduled. Curtailment will be effected in the following sequence after Northern has made a diligent effort to identify the over delivering source:

1. If the over delivering source is known, Northern will require the Shipper to reduce its deliveries to Northern.
2. If the over delivering source is unknown, the smallest affected area at the receipt point will be localized and curtailed in the following sequence:
 - a. Interruptible throughput will be curtailed on the basis of lowest TI price first.
 - b. Firm service at primary or alternate points will be curtailed pro rata.

Receipt point volumes which are independently verifiable by Northern will not be subject to the receipt point supply excess provisions.