

GENERAL TERMS AND CONDITIONS

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 MMBtu, 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.

2. 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:

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

C. Capacity

1. Receipt Point Capacity Constraint

In the event of a receipt point capacity constraint, the smallest affected area at the receipt point will be localized and associated deliveries will be curtailed in the following sequence:

- (i) Interruptible throughput will be curtailed on the basis of the lowest TI price first;
- (ii) Firm service at primary or alternate points will be curtailed pro rata.

Corresponding markets will be curtailed in the same sequence described in paragraphs (i)-(ii) immediately above.