

**RATE SCHEDULES**  
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## **FIRM SERVICES RATE SCHEDULES**

### **Description/Title**

- 1.1 Rate Schedule FT-1
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## RATE SCHEDULE FT-1 FIRM TRANSPORTATION SERVICE

### 1. AVAILABILITY

- 1.1 This Rate Schedule FT-1 is available to any person (hereinafter called Shipper) who requests transportation of natural gas on a firm basis through Transporter's Facility pursuant to Part 284 of the FERC's Regulations and who has executed a FT-1 Transportation Service Agreement with Garden Banks Gas Pipeline, LLC (hereafter called Transporter). Such Transportation Service Agreement shall be in the form contained in Transporter's FERC Gas Tariff of which this Rate Schedule FT-1 is a part.
- 1.2 Transporter shall accept submissions of requests for firm service under this Rate Schedule pursuant to Section 20 of the General Terms and Conditions of this FERC Gas Tariff.

### 2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule shall apply to the transportation of natural gas, on a firm basis, up to the Maximum Daily Quantity set forth in the FT-1 Transportation Service Agreement.
- 2.2 Transportation service hereunder shall consist of the acceptance by Transporter of up to the Maximum Daily Receipt Quantity of natural gas tendered by Shipper for transportation at the Receipt Point(s) specified in Exhibit "A" to the executed FT-1 Transportation Service Agreement, the transportation of that natural gas through Transporter's Facility, and the delivery of equivalent quantities to Shipper or for Shipper's account up to the Maximum Daily Delivery Quantity at the Delivery Point(s) specified in Exhibit "A" to the executed FT-1 Transportation Service Agreement, all on a firm basis.
- 2.3 Transporter shall not be obligated to add facilities or expand the capacity of Transporter's pipeline system in any manner in order to provide transportation service to Shipper under this Rate Schedule; provided, however, Transporter may at its option and with Shipper's consent, add facilities or expand capacity to provide such transportation service, subject to Section 20.5 of the General Terms and Conditions of this tariff.
- 2.4 Service under this Rate Schedule shall be nominated in accordance with the procedures set forth in Section 11 of Transporter's General Terms and Conditions.

- 2.5 Capacity available for firm transportation shall be allocated among Shippers receiving service under Rate Schedules FT-1 and FT-2 in accordance with Section 11 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

3. DELIVERY AND RECEIPT POINTS, PRESSURES, UNIFORM QUANTITIES

- 3.1 Receipt Points: The Primary Receipt Point(s) on Transporter's Facility shall be specified on Exhibit "A" to the FT-1 Transportation Service Agreement.
- 3.2 Delivery Points: The Primary Delivery Point(s) on Transporter's Facility shall be specified on Exhibit "A" to the FT-1 Transportation Service Agreement. Transporter shall not be obligated to accept gas hereunder for transportation to any Delivery Point(s) at which the downstream pipeline has insufficient capacity, or is unable, to accept the gas for delivery.
- 3.3 Pressures: Shipper shall deliver gas to Transporter at the pressure required from time to time to enable the gas to enter Transporter's Facility at the Receipt Point(s). Transporter shall operate Transporter's Facility at a maximum pressure at the Receipt Points of 1750 psig. In no event shall Transporter be required to install compression to effect deliveries hereunder.
- 3.4 Uniform Quantities: As nearly as practicable, Shipper shall deliver and receive gas in uniform hourly quantities during any day, as set forth in Section 9 of the General Terms and Conditions of this FERC Gas Tariff.

4. RATES AND CHARGES

- 4.1 Applicable Rates: The applicable rates for service under Rate Schedule FT-1 are the maximum FT-1 rates shown on the effective Statement of Rates of Transporter's FERC Gas Tariff; unless Transporter and Shipper have agreed to a discounted or negotiated rate pursuant to Section 30 or Section 37, respectively, of the General Terms and Conditions of this Gas Tariff. A discounted rate can be at any level not less than the minimum nor more than the maximum rates established for this Rate Schedule FT-1 and set forth on the effective Statement of Rates of Transporter's FERC Gas Tariff. A negotiated rate can be greater than, equal to or less than the maximum rates, and can be less than the minimum rates, established for this Rate Schedule FT-1 and set forth on the effective Statement of Rates of Transporter's FERC Gas Tariff. In the event that a discounted rate(s) or a negotiated rate(s) will be applicable to a Shipper's FT-1 Transportation Service Agreement, such rate(s) shall apply solely under the conditions and for the period agreed upon by Shipper and Transporter.
- 4.2 New Facilities Charge: In addition to the charges pursuant to Section 4.1 of this Rate Schedule, Transporter shall charge Shipper an amount to reimburse 100% of the cost (including a gross-up for the income tax effects of reimbursement) of

facilities constructed at the Shipper's request, pursuant to Section 20.5 of the General Terms and Conditions of this FERC Gas Tariff, in order for Transporter to provide transportation service under this Rate Schedule. Transporter shall not use the reimbursement amounts so collected as either costs or revenues in establishing Transporter's general system rates.

- 4.3 Incidental Charges: In addition to the charges pursuant to Section 4.1 and 4.2 of this Rate Schedule, Transporter shall charge Shipper an amount to recoup any filing or similar fees which Transporter incurs in rendering service hereunder, which have not been previously paid by Shipper. Transporter shall not use the amounts so collected either as revenues or costs in establishing its general system rates.
- 4.4 Losses and Gains. Shipper shall furnish its pro rata share of the quantity of gas required for losses, or in the case of system gains be granted its pro rata share of the quantity of gas gained by Transporter, associated with rendering transportation service pursuant to this Rate Schedule.

## 5. MONTHLY BILL

The Monthly Bill for deliveries under this Rate Schedule shall be equal to:

- (a) Reservation Charge: A reservation charge equal to the product of the applicable Reservation Rate multiplied by the Maximum Daily Quantity specified in the FT-1 Transportation Service Agreement, multiplied by the Shipper Specific Heating Value and multiplied by the number of days in the month; and
- (b) Commodity Charge: A commodity charge equal to the applicable Commodity Rate multiplied by the quantity of gas allocated to the Delivery Point(s) under the FT-1 Transportation Service Agreement in the month; and
- (c) Other Charges: Any applicable surcharges, such as the ACA charge as posted on the Commission's website at [www.ferc.gov](http://www.ferc.gov), as set forth on the effective Statement of Rates, any applicable New Facilities Charges pursuant to Section 4.2, and any Incidental Charges pursuant to Section 4.3.

## 6. REQUESTS FOR FT-1 TRANSPORTATION SERVICE

- 6.1 Any person desiring transportation service under Rate Schedule FT-1 must be a LINK® System Subscriber and must submit a completed request for service electronically via the LINK® System pursuant to Section 20 of these General Terms and Conditions.

6.2 A request for transportation service must include the information required by Section 20 of the General Terms and Conditions of this FERC Gas Tariff.

6.3 Credit Evaluation

Any person seeking new service from Transporter under Rate Schedule FT-1 must comply with the Creditworthiness criteria in Section 34 of the General Terms and Conditions.

6.4 [Reserved for Future Use]

6.5 [Reserved for Future Use]

7. GENERAL TERMS AND CONDITIONS

Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter pursuant to 18 CFR Part 284. The General Terms and Conditions specified in Volume 1 of Transporter's FERC Gas Tariff are incorporated as part of this Rate Schedule.

## RATE SCHEDULE FT-2 FIRM TRANSPORTATION SERVICE

### 1. AVAILABILITY

- 1.1 This Rate Schedule FT-2 is available to any person (hereinafter called Shipper) (a) who requests transportation of natural gas on a firm basis through Transporter's Facility under this Rate Schedule, (b) who has executed an FT-2 Transportation Service Agreement with Garden Banks Gas Pipeline, LLC (hereinafter called "Transporter") for transportation service under this Rate Schedule, (c) who or whose affiliate has executed a Reserve Commitment Agreement, and (d) who satisfies the requirements of this Rate Schedule. Such Transportation Service Agreement and Reserve Commitment Agreement shall be in the form contained in Transporter's FERC Gas Tariff of which this Rate Schedule FT-2 is a part.
- 1.2 As a requirement to receive transportation under this Rate Schedule FT-2, Shipper or its affiliate must agree to commit for delivery into and transportation through Transporter's Facility all natural gas produced by or for the account of Shipper, pursuant to the terms of the Reserve Commitment Agreement, from specific Outer Continental Shelf (OCS) Blocks (referred to herein as "Committed Block(s)"). Partial Commitment from the Committed Block(s) will only be accepted for production from Garden Banks Blocks 341, 385, 386, 419, 420, 426, 427, 470, 471, 556, 559, and 602 (the "Auger Anchor Blocks") and will be in the form of a 100% dedication to Transporter for any Natural Gas produced by or for the account of Shipper from the Auger Anchor Blocks that flows into the 12 inch line that begins at the Auger platform located in Garden Banks Block 426 and terminates at the Enchilada platform located in Garden Banks Block 128. Shipper shall provide to Transporter the estimated total quantities to be received and transported over the Delivery Period supported by an estimated life of lease production forecast for the Committed Blocks(s), as available. Shipper may request a separately stated MDQ under its FT-2 Transportation Service Agreement of not less than 3 consecutive months; provided, however, that such separately stated MDQs are supported by an estimated life of lease production forecast for the Committed Blocks(s); and provided further, that the separately stated MDQ shall not be less than the lesser of (i) 5,000 Mcf per day or (ii) Shipper's or its affiliate's share of production from the Committed Block(s) during any specified Delivery Period.
- 1.3 Transporter shall have no obligation to accept any gas for transportation under this Rate Schedule FT-2 other than gas produced from Shipper's or its affiliate's working interest in the Committed Blocks.

- 1.4 Transporter shall accept submissions of requests for firm transportation service under this Rate Schedule pursuant to Section 20 of the General Terms and Conditions of this FERC Gas Tariff. All Precedent Agreements executed on or before July 26, 1996, shall be deemed to have the same date and time, and capacity requested thereunder shall not be subject to allocation under this Section 1.4. All requests for service under Rate Schedule FT-2 received after July 26, 1996 but prior to 3:00 p.m. CT on November 25, 1996, shall be deemed to have the same date and time, and if the sum of all such requests and all Maximum Daily Quantities under Rate Schedule FT-2 pursuant to Precedent Agreements executed on or before July 26, 1996, and all requests for service under Rate Schedule FT-1 received prior to 3:00 p.m. CT on November 25, 1996, exceed 1000 Mmcf per day, then the available capacity shall be allocated to Shippers requesting service under Rate Schedules FT-1 and FT-2 pro rata, based on requested Maximum Daily Quantity; provided that the Maximum Daily Quantity under a Precedent Agreement executed on or before July 26, 1996, shall not be subject to allocation under this Section 1.4.

## 2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 (a) This Rate Schedule shall apply to the transportation of natural gas, on a firm basis, up to the Maximum Daily Quantity set forth in the FT-2 Transportation Service Agreement. The Maximum Daily Quantity set forth in the FT-2 Transportation Service Agreement for any Delivery Period(s) which Delivery Period(s) shall be no less than three (3) consecutive months) specified therein may be increased, subject to available capacity and subject to compliance with the requirements of Section 6 of this Rate Schedule and Section 20 of the General Terms and Conditions of this FERC Gas Tariff. The Maximum Daily Quantity set forth in the FT-2 Transportation Service Agreement for any Delivery Period(s) specified therein, may be permanently reduced at any time and from time to time by any amount (including to zero), on three (3) months prior notice through submission of request for an amendment to existing service pursuant to the requirements of Section 6 of this Rate Schedule and Section 20 of the General Terms and Conditions of this FERC Gas Tariff. Such request shall be submitted via the LINK® System and the reduction shall be effective as of the first day of the first Delivery Period following the expiration of the three (3) months' prior notice.
- (b) If Shipper's FT-2 Transportation Service Agreement remains in effect but its MDQ has expired such that there is no corresponding Delivery Period and MDQ specified in an executed Exhibit A to Shipper's FT-2 Transportation Service Agreement, Transporter will carry forward Shipper's last MDQ and the MDQ shall be deemed to be the MDQ for the last Delivery Period that is included on Exhibit A until such time as an amendment to Exhibit A has been executed. During a period when such



assumed MDQ is in effect, the provisions in Section 5.2 shall also be in effect, but Shipper will not be allowed to decrease the balance of its Revenue Bank Account, although Shipper's balance in such account can be increased.

- 2.2 Transportation service hereunder shall consist of the acceptance by Transporter of up to the Maximum Daily Receipt Quantity of natural gas tendered by Shipper from the Committed Block(s) for transportation at the Receipt Point(s) specified in Exhibit "A" to the executed FT-2 Transportation Service Agreement, the transportation of that natural gas through Transporter's Facility, and the delivery of equivalent quantities to Shipper or for Shipper's account up to the Maximum Daily Delivery Quantity at the Delivery Point(s) specified in Exhibit "A" to the executed FT-2 Transportation Service Agreement, all on a firm basis.
- 2.3 Transporter shall not be obligated to add facilities or expand the capacity of Transporter's pipeline system in any manner in order to provide transportation service to Shipper under this Rate Schedule; provided, however, Transporter may at its option and with Shipper's consent, add facilities or expand capacity to provide such transportation service, subject to Section 20.5 of the General Terms and Conditions of this tariff.
- 2.4 Service under this Rate Schedule shall be nominated in accordance with the procedures set forth in Section 11 of Transporter's General Terms and Conditions.
- 2.5 Capacity available for firm transportation shall be allocated among Shippers receiving service under Rate Schedules FT-1 and FT-2 in accordance with Section 11 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 2.6 Shipper shall be temporarily released from its commitment obligations under Section 1.2 of this Rate Schedule with respect to any quantities of Shipper's production from the Committed Block(s) up to the MDQ under Shipper's existing FT-2 Transportation Service Agreement(s), as long as Shipper's affiliate has Transporter transport the production under an FT-2 Service Agreement for the affiliate, in substitution for Shipper; provided however, that:
- (i) Shipper retains its working interest in the Committed Reserves;
  - (ii) Shipper will allow only its affiliate to transport the Committed Reserves;
  - (iii) Shipper's affiliate has Garden Banks transport only gas produced by Shipper from the Committed Reserves;
- And
- (iv) Shipper's affiliate remains an affiliate (as defined in Section 1.2 of the pro forma Reserve Commitment Agreement) of Shipper.

During this period of substitution, the Maximum Daily Quantity of the Shipper who produces the gas from the Committed Block(s) shall be deemed to be zero (0) Dths for all purposes and Shipper's MDQ profile existing at the time of such substitution shall transfer to a Shipper's Affiliate's FT-2 Transportation Service Agreement for the period of the substitution; such Shipper's Maximum Daily Quantity shall automatically revert to the Maximum Daily Quantity in the FT-2 Transportation Service Agreement of Shipper's affiliate existing as of the date of the termination of such substitution, or in the event that any of the above conditions are no longer met.

### 3. DELIVERY AND RECEIPT POINTS, PRESSURES, UNIFORM QUANTITIES

- 3.1 Receipt Points: The Primary Receipt Point(s) on Transporter's Facility shall be specified on Exhibit "A" to the FT-2 Transportation Service Agreement.
- 3.2 Delivery Points: The Primary Delivery Point(s) on Transporter's Facility shall be specified on Exhibit "A" to the FT-2 Transportation Service Agreement. Transporter shall not be obligated to accept gas hereunder for transportation to any Delivery Point(s) at which the downstream pipeline has insufficient capacity, or is unable to accept, the gas for delivery.
- 3.3 Pressures: Shipper shall deliver gas to Transporter at the pressure required from time to time to enable the gas to enter Transporter's Facility at the Receipt Point(s). Transporter shall operate Transporter's Facility at a maximum pressure at the Receipt Points of 1750 psig. In no event shall Transporter be required to install compression to effect deliveries hereunder.
- 3.4 Uniform Quantities: As nearly as practicable, Shipper shall deliver and receive gas in uniform hourly quantities during any day, as set forth in Section 9 of the General Terms and Conditions of this FERC Gas Tariff.

### 4. RATES AND CHARGES

- 4.1 Applicable Rates: The applicable rates for service under Rate Schedule FT-2 are the maximum FT-2 rates shown on the effective Statement of Rates of Transporter's FERC Gas Tariff, unless Transporter and Shipper have agreed to a discounted or negotiated rate pursuant to Section 30 or Section 37, respectively, of the General Terms and Conditions of this FERC Gas Tariff. A discounted rate can be at any level not less than the minimum nor more than the maximum rates established for this Rate Schedule FT-2 and set forth on the effective Statement of Rates of Transporter's FERC Gas Tariff. A negotiated rate can be greater than, equal to or less than the maximum rates, and can be less than the minimum rates, established for this Rate Schedule FT-2 and set forth on the effective Statement of Rates of Transporter's FERC Gas Tariff. In the event that a discounted rates(s) or negotiated rates(s) will be applicable to a Shippers' FT-2 Transportation Service

Agreement, such rates(s) shall apply solely under the conditions and for the period agreed upon by Shipper and Transporter.

- 4.2 **New Facilities Charge:** In addition to the charges pursuant to Section 4.1 of this Rate Schedule, Transporter shall charge Shipper an amount to reimburse 100% of the cost (including a gross-up for the income tax effects of reimbursement) of facilities constructed at Shipper's request, pursuant to Section 20.5 of the General Terms and Conditions of this FERC Gas Tariff, in order for Transporter to provide transportation service under this Rate Schedule. Transporter shall not use the reimbursement amounts so collected as either costs or revenues in establishing Transporter's general system rates.
- 4.3 **Incidental Charges:** In addition to the charges pursuant to Sections 4.1 and 4.2 of this Rate Schedule, Transporter shall charge Shipper an amount to recoup any filing or similar fees which Transporter incurs in rendering service hereunder, which have not been previously paid by Shipper. Transporter shall not use the amounts so collected either as revenues or costs in establishing its general system rates.
- 4.4 **Losses and Gains.** Shipper shall furnish its pro rata share of the quantity of gas required for losses, or in the case of system gains be granted its pro rata share of the quantity of gas gained by Transporter, associated with rendering transportation service pursuant to this Rate Schedule.

## 5. MONTHLY BILL AND REVENUE BANK

- 5.1 The Monthly Bill for deliveries under this Rate Schedule shall be equal to:

- a. **Reservation Charge:**

- (i) If the summation of the quantities of gas allocated to Shipper's FT-2 Transportation Service Agreement at the Delivery Point(s) in the month (including firm service and Authorized Overruns) equals or exceeds 80% of the Maximum Daily Quantity specified in the FT-2 Transportation Service Agreement for the same month multiplied by the Shipper Specific Heating Value for the same month and multiplied by the number of days in the month: a reservation charge equal to the product of the applicable Reservation Rate multiplied by the quantity of firm gas allocated to Shipper's FT-2 Transportation Service Agreement at the Delivery Point(s) during the month; or
  - (ii) If the summation of the quantities of gas allocated to Shipper's FT-2 Transportation Service Agreement at the Delivery Point(s) in the month (including firm service and Authorized Overruns) is less

than 80% of the Maximum Daily Quantity specified in the FT-2 Transportation Service Agreement for the same month multiplied by the Shipper Specific Heating Value for the same month and multiplied by the number of days in the month; a reservation charge equal to the product of the applicable Reservation Rate multiplied by 80% of the Maximum Daily Quantity specified in the FT-2 Transportation Service Agreement multiplied by the Shipper Specific Heating Value for the month and multiplied by the number of days in the month; and

- b. **Commodity Charge:** A commodity charge equal to the applicable Commodity Rate multiplied by the quantity of gas allocated to Shipper's FT-2 Transportation Service Agreement at the Delivery Point(s) in the month; and
- c. **Authorized Overrun Charge:** An authorized overrun charge equal to the applicable Authorized Overrun Rate multiplied by the quantity of Authorized Overrun gas allocated to Shipper's FT-2 Transportation Service Agreement at the Delivery Point(s) in the month; and
- d. **Other Charges:** Any applicable surcharges, such as the ACA charge as posted on the Commission's website at [www.ferc.gov](http://www.ferc.gov), as set forth on the effective Statement of Rates, any applicable New Facilities Charges pursuant to Section 4.2, and any Incidental Charges pursuant to Section 4.3.

5.2 A Revenue Bank Account ("RBA") shall be established and maintained by Transporter for each FT-2 Transportation Service Agreement ("FT-2 TSA").

- a. **Credit Period:**

Pursuant to Section 6.2(c) below, the term Credit Period is defined as the term of the Shipper's FT-2 TSA, which term is for the economic life of the Committed Blocks as set out in the associated Reserve Commitment Agreement.

- b. **Increasing a Shipper's RBA:**

- (i) For any month during a Credit Period, a Shipper's RBA under a specific FT-2 TSA is increased only when the Reservation Charge on Shipper's Monthly Bill under the specific FT-2 TSA for the same month is computed pursuant to Section 5.1 a. (ii) of this Rate Schedule.

- (ii) The amount of the increase is equal to the difference between (1) the Reservation Charge on Shipper's Monthly Bill for the same month and (2) a hypothetical Reservation Charge for the same month calculated pursuant to Section 5.1 a. (i) of this Rate Schedule.
- c. Decreasing a Shipper's RBA:
  - (i) For any month during a Credit Period, a Shipper's RBA under a specific FT-2 TSA is decreased only when: (1) the Reservation Charge on Shipper's Monthly Bill under the specific FT-2 TSA for the same month is computed pursuant to Section 5.1 a. (i) of this Rate Schedule; or, (2) when there is an Authorized Overrun Charge on Shipper's Monthly Bill under the specific FT-2 TSA for the same month. Note that both condition (1) and (2) of this paragraph may apply to Shipper's Monthly Bill under the specific FT-2 TSA for the same month.
  - (ii) The amount of the decrease under condition (1) of Section 5.2 c. (i) is calculated as the difference between (a) The Reservation Charge under the specific FT-2 TSA for the same month and (b) a hypothetical Reservation Charge for the same month calculated pursuant to Section 5.1 a. (ii) of this Rate Schedule. The amount of the decrease under condition (2) of Section 5.2 c. (i) is equal to the Authorized Overrun Charge on Shipper's Monthly Bill under the specific FT-2 TSA for the same month. When both condition (1) and (2) apply to Shipper's Monthly Bill under the specific FT-2 TSA for the same month, the amount of the decrease applied to the Shipper's RBA under the specific FT-2 TSA is the sum of the two amounts calculated above.
  - (iii) The amount of the decrease calculated pursuant to Section 5.2 c. (ii) above in all cases is limited to the existing balance in Shipper's RBA under the specific FT-2 TSA. The balance in a Shipper's RBA can never be negative.
  - (iv) The amount of the decrease from a Shipper's RBA shall only be applied as a credit on Shipper's Monthly Bill for the same month.
- d. During a period in which the MDQ of Shipper's FT-2 TSA has expired and is an assumed quantity pursuant to Section 2.1(b) of this Rate Schedule:
  - (i) Authorized Overrun will not be considered in determining any increase/decrease to the RBA;

- (ii) Shipper's RBA balance shall not be decreased for any reason;
  - (iii) Shipper's RBA balance can continue to be increased.
- e. Remaining Balance: Any balance remaining in a Shipper's RBA under a specific FT-2 TSA at the end of any Credit Period shall be retained by Transporter and shall not be available for further use under Section 5.2 c. of this Rate Schedule. Such balance specifically shall not be carried forward into any successive Credit Period under the Shipper's specific FT-2 TSA, if applicable, or be applied to any prior payment made by Shipper.
- f. During any period the Shipper's obligations under its Reserve Commitment Agreement are temporarily released to allow Shipper's affiliate to have Transporter transport gas from the Committed Block(s) for Shipper's affiliate in substitution for Shipper in accordance with the provisions of Section 2.6 of this Rate Schedule, the Shipper's affiliate's shipments will serve to decrease or increase the Shipper's RBA in accordance with Sections 5.2(b) and 5.2(c) of this Rate Schedule).

## 6. REQUESTS FOR FT-2 TRANSPORTATION SERVICE

- 6.1 Any person desiring transportation service under Rate Schedule FT-2 (other than service requested under Precedent Agreements executed prior to July 30, 1996) must be a LINK® System Subscriber and must submit a completed request for service electronically via the LINK® System pursuant to Section 20 of these General Terms and Conditions.
- 6.2 A request for transportation service must include the information required by Section 20 of the General Terms and Conditions of this FERC Gas Tariff. In addition, the following information must be submitted as part of a request for service under this Rate Schedule FT-2:
  - (a) Gas Quantities: The maximum daily quantity (MDQ) applicable to each Receipt Point(s) and Delivery Point(s) stated in Mcfs.
  - (b) Term: The proposed commencement and termination dates of service. For all requests for service under this Section 6.2 received on or after June 1, 2007, the term of service shall be for the economic life of the Committed Blocks as set out in the associated Reserve Commitment Agreement unless the FT-2 Transportation Service Agreement is to be with a Shipper whose affiliate produces the gas from the Committed Block(s) and has executed a Reserve Commitment Agreement.
  - (c) Committed Block(s): Identification of the Committed Block(s) and Shipper's interest therein.

6.3 Credit Evaluation

- (a) Any person seeking new service from Transporter under Rate Schedule FT-2 must comply with the Creditworthiness criteria in Section 34 of the General Terms and Conditions.

6.4 [Reserved for Future Use]

6.5 [Reserved for Future Use]

7. [Reserved for Future Use]

8. AUTHORIZED OVERRUN SERVICE

Shipper shall, upon receiving the advance approval of Transporter, have the right on any day to schedule a quantity of gas for delivery under its FT-2 Transportation Service Agreement in excess of the applicable Maximum Daily Quantity (“Authorized Overruns”); provided that there is no adverse effect on Transporter’s ability to transport quantities scheduled for delivery within the applicable Maximum Daily Quantities under its other FT-1 and FT-2 Transportation Service Agreements. Capacity available for Authorized Overruns shall be allocated in accordance with Section 11 of the General Terms and Conditions of Transporter’s FERC Gas Tariff. If Shipper’s MDQ has expired as referenced in Section 2.1(b) of this Rate Schedule, Shipper will not be allowed to decrease the balance in its Revenue Bank Account by utilizing Authorized Overrun Service.

9. SUCCESSORS AND ASSIGNS

Shipper's FT-2 Transportation Service Agreement may be assigned to assignees of Shipper's interest in the Committed Block(s) who satisfy the creditworthiness requirements of Section 6.3 of this Rate Schedule and Section 34 of the General Terms and Conditions of this FERC Gas Tariff. No assignment shall relieve Shipper of its obligations under the FT-2 Transportation Service Agreement.

10. GENERAL TERMS AND CONDITIONS

Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter pursuant to the Commission's orders and regulations. The General Terms and Conditions specified in Volume 1 of Transporter's FERC Gas Tariff are incorporated as part of this Rate Schedule.

## **INTERRUPTIBLE SERVICES RATE SCHEDULE**

### **Description/Title**

2.1 Rate Schedule IT-1



## RATE SCHEDULE IT-1 INTERRUPTIBLE TRANSPORTATION SERVICE

### 1. AVAILABILITY

- 1.1 This Rate Schedule IT-1 is available to any person (hereinafter called Shipper) who requests transportation of natural gas on an interruptible basis through Transporter's Facility pursuant to Part 284 of the FERC's Regulations and who has executed an IT-1 Transportation Service Agreement with Garden Banks Gas Pipeline, LLC (hereinafter called Transporter) for transportation service under this Rate Schedule. Such Transportation Service Agreement shall be in the form contained in Transporter's FERC Gas Tariff of which this Rate Schedule IT-1 is a part.
- 1.2 Transporter shall accept submissions of requests for interruptible service under this Rate Schedule pursuant to Section 20 of the General Terms and Conditions of this FERC Gas Tariff.

### 2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule shall apply to the transportation of natural gas, on an interruptible basis, when and to the extent that Transporter determines that capacity is available on Transporter's Facility, subject to the availability of capacity sufficient to provide service up to the Maximum Daily Quantity set forth in the associated IT-1 Transportation Service Agreement.
- 2.2 Transportation service hereunder shall consist of the acceptance by Transporter of natural gas tendered by Shipper for transportation at the Receipt Point(s) described in Section 3.1 of this Rate Schedule IT-1, and the delivery of equivalent quantities to Shipper or for Shipper's account at the Delivery Point(s) described in Section 3.2 of this Rate Schedule IT-1, all on an interruptible basis.
- 2.3 Transporter shall not be required to install, operate or maintain any additional facilities in order to provide transportation service under this Rate Schedule.
- 2.4 Service under this Rate Schedule shall be nominated in accordance with the procedures set forth in Section 11 of Transporter's General Terms and Conditions.
- 2.5 Capacity available for transportation under Rate Schedule IT-1 shall be allocated among Shippers receiving service under Rate Schedule IT-1 in accordance with Section 11 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

### 3. DELIVERY AND RECEIPT POINTS; PRESSURE; UNIFORM QUANTITIES

- 3.1 Receipt Points: All receipt points on Transporter's Facility shall be available as Receipt Points for gas transported under this Rate Schedule.
- 3.2 Delivery Points: All Delivery Points on Transporter's Facility shall be available as Delivery Points for gas transported by Transporter under this Rate Schedule.
- 3.3 Pressures: Shipper shall deliver gas to Transporter at the pressure required from time to time to enable the gas to enter Transporter's Facility at the Receipt Point(s). Transporter shall operate Transporter's Facility at a maximum pressure at the Receipt Points of 1750 psig. In no event shall Transporter be required to install compression to effect deliveries hereunder.
- 3.4 Uniform Quantities: As nearly as practicable, Shipper shall deliver and receive gas in uniform hourly quantities during any day, as set forth in Section 9 of the General Terms and Conditions of this FERC Gas Tariff.

### 4. RATES AND CHARGES

- 4.1 Applicable Rates: The rates for service under Rate Schedule IT-1 are the maximum IT-1 rates shown on the effective Statement of Rates of Transporter's FERC Gas Tariff; unless Transporter, and Shipper have agreed to a discounted or negotiated rate pursuant to Section 30 or Section 37, respectively, of the General Terms and Conditions of this FERC Gas Tariff. A discounted rate can be at any level not less than the minimum nor more than the maximum rate established for this Rate Schedule IT-1 and set forth on the effective Statement of Rates of Transporter's FERC Gas Tariff. A negotiated rate can be greater than, equal to or less than the maximum rates, and can be less than the minimum rates, established for this Rate Schedule IT-1 and set forth on the effective Statement of Rates of Transporter's FERC Gas Tariff. In the event that a discounted rate(s) or a negotiated rate(s) will be applicable to a Shipper's IT-1 Transportation Service Agreement, such rate(s) shall apply solely under the conditions and for the period agreed upon by Shipper and Transporter.
- 4.2 New Facilities Charge: In addition to the charges pursuant to Section 4.1 of this Rate Schedule, Transporter shall charge Shipper an amount to reimburse 100% of the cost (including a gross-up for the income tax effects of reimbursement) of facilities constructed at the Shipper's request, pursuant to Section 20.5 of the General Terms and Conditions of this FERC Gas Tariff, in order to provide transportation service under this Rate Schedule IT-1. Transporter shall not use the reimbursement amounts so collected as either costs or revenues in establishing Transporter's general system rates.

4.3 Incidental Charges: In addition to the charges pursuant to Section 4.1 and 4.2 of this Rate Schedule, Transporter shall charge Shipper an amount to reimburse Transporter for any filing or similar fees, which have not been previously paid by Shipper, which Transporter incurs in rendering service hereunder. Transporter shall not use the amounts so collected as revenue or costs in establishing its general system rates.

4.4 Losses and Gains: Shipper shall furnish its pro rata share of the quantity of gas required for losses, or in the case of system gains be granted its pro rata share of the quantity of gas gained by Transporter, associated with rendering transportation service pursuant to this Rate Schedule.

## 5. MONTHLY BILL

The Monthly Bill for deliveries under this Rate Schedule shall be equal to the applicable Commodity Rate multiplied by the quantity of natural gas allocated to the IT-1 Transportation Service Agreement at the Delivery Point(s) in the month, and any applicable New Facilities Charges pursuant to Section 4.2, any Incidental Charges pursuant to Section 4.3, and any applicable surcharges, such as the ACA charge as posted on the Commission's website at [www.ferc.gov](http://www.ferc.gov), as shown on the effective Statement of Rates of Transporter's FERC Gas Tariff.

## 6. REQUESTS FOR IT-1 TRANSPORTATION SERVICE

6.1 Any person desiring transportation service under Rate Schedule IT-1 must be a LINK® System Subscriber and must submit a completed request for service electronically via the LINK® System pursuant to Section 20 of these General Terms and Conditions.

6.2 A request for transportation service must include the information required by Section 20 of the General Terms and Conditions of this FERC Gas Tariff.

### 6.3 Credit Evaluation

Any person seeking service from Transporter under Rate Schedule IT-1 must comply with the Creditworthiness criteria in Section 34 of the General Terms and Conditions.

### 6.4 [Reserved for Future Use]

## 7. GENERAL TERMS AND CONDITIONS

Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter pursuant to 18 CFR Part 284. The General Terms

and Conditions specified in Volume No. 1 of Transporter's FERC Gas Tariff are incorporated as part of this Rate Schedule.

**PARK AND LOAN SERVICE RATE SCHEDULE**

Description/Title

3.1 Rate Schedule PAL

## RATE SCHEDULE PAL PARK AND LOAN SERVICE

### 1. AVAILABILITY

This Park and Loan Service (PAL) Rate Schedule is available from Garden Banks Gas Pipeline, LLC (hereinafter called Transporter) to any person (hereinafter called Shipper) which has requested Park and Loan Service hereunder and, who, has executed a Service Agreement with Transporter for service under this Rate Schedule. Such Service Agreement shall be in the form contained in Transporter's FERC Gas Tariff of which this Rate Schedule PAL is a part.

### 2. REQUEST FOR PAL SERVICE

2.1 Any person desiring park and loan service under Rate Schedule PAL must be a LINK® System Subscriber and must submit a completed request for service electronically via the LINK® System pursuant to Section 20 of these General Terms and Conditions.

- (a) A request for park and loan service must include the information required by Section 20 of the General Terms and Conditions of this FERC Gas Tariff. Requests for service hereunder shall be deemed valid only after the information required by Section 20 of the General Terms and Conditions of this FERC Gas Tariff is submitted electronically via the LINK® System by Shipper.
- (b) Any person requesting park and loan service from Transporter under Rate Schedule PAL must comply with the Creditworthiness criteria set forth in Section 34 of the General Terms and Conditions of this FERC Gas Tariff.
- (c) Upon acceptance by Transporter of Shipper's request for park and loan service, Transporter and Shipper shall execute a PAL Agreement pursuant to Section 20 of General Terms and Conditions of this FERC Gas Tariff.
- (d) Transporter shall not be obligated to add facilities or expand the capacity of Transporter's pipeline system in any manner in order to provide park and loan service to Shipper under this Rate Schedule PAL; provided, however, Transporter may at its option and with Shipper's consent, add facilities or expand capacity to provide such transportation service, subject to Section 20.5 of the General Terms and Conditions of this tariff. Transporter is free to contract at any time with other parties for transportation services (whether firm or interruptible) and/or new service under this Rate Schedule without liability to Shipper for any resulting interruption or reduction of service hereunder.

2.2 [Reserved for Future Use]

2.3 Availability of Park and Loan Points of Transaction

- (a) Any physical or accounting point that exists from time to time on Transporter's system shall be available for use by PAL Shippers as Point(s) of Transaction. Transporter shall permit a PAL Shipper to park at the Point(s) of Receipt specified in Exhibit(s) A of Shipper's PAL Agreement, and/or Transporter shall loan to Shipper at the Point(s) of Delivery specified in Exhibit(s) A of Shipper's PAL Agreement, the quantity specified in Exhibit(s) A of Shipper's PAL Agreement.
- (b) Shipper shall provide a nomination, in accordance with Section 7 of this Rate Schedule PAL and Section 11 of Transporter's General Terms and Conditions, for each transaction identified in Exhibit(s) A to Shipper's PAL Agreement.

2.4 Compliance with Transporter's Tariff

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule PAL, including the applicable General Terms and Conditions.

3. APPLICABILITY AND CHARACTER OF SERVICE

- 3.1 The interruptible service provided hereunder permits Shipper to nominate gas, made available to Transporter by Shipper in connection with a Service Agreement under Rate Schedule FT-1, FT-2 or IT-1, up to the Maximum Park Quantity and Maximum Daily PAL Injection Quantity, or Maximum Loan Quantity and Maximum Daily PAL Withdrawal Quantity, as applicable, set forth in the applicable Exhibit(s) A to Shipper's PAL Agreement, subject to the General Terms and Conditions and the further provisions of the PAL Agreement. The services provided hereunder shall be provided only after all other services offered by Transporter are scheduled and to the extent permitted by Transporter's system. Park and Loan Services shall not impede Transporter's ability to meet its firm and interruptible service obligations, including Transporter's system requirements. Existing quantities of gas parked or loaned cannot be bumped by new requests for park and/or loan service.
  - (a) Park Service. Park Service is an interruptible service which provides for: (1) the receipt by Transporter of gas quantities delivered by Shipper to the nominated PAL Point(s) of Transaction; (2) Transporter holding the parked quantities on its system; and (3) the return of parked quantities to Shipper; provided, however, that Transporter is not obligated to return

parked quantities on the same day that the gas is parked. Transporter shall park quantities of gas for Shipper up to the Maximum Park Quantity ("MPQ") shown in the applicable Exhibit(s) A to the Shipper's PAL Agreement. However, under all such nominations made pursuant to an Exhibit A, Transporter shall not be obligated on any Day to receive a total quantity of gas from Shipper for both parks and returned loans that exceeds the Maximum Daily PAL Injection Quantity set forth in the applicable Exhibit A to Shipper's PAL Agreement. Transporter shall subsequently return such parked gas to Shipper at the PAL Point of Transaction where Shipper tendered gas to Transporter. However, under all such nominations made pursuant to an Exhibit A, Transporter shall not be obligated on any Day to deliver a total quantity of gas to Shipper for both loans and returned parks that exceeds the Maximum Daily PAL Withdrawal Quantity set forth in the applicable Exhibit A to Shipper's PAL Agreement.

- (b) Loan Service. Loan Service is an interruptible service which provides for: (1) the receipt by Shipper of gas quantities from Transporter at the nominated PAL Point(s) of Transaction; and (2) the subsequent return of the loaned quantities of gas to Transporter at the agreed upon time and at the PAL Point(s) of Transaction at which the quantities were received by Shipper; provided, however, that Transporter is not obligated to accept the return of the loaned gas on the same day that the gas is loaned. Transporter shall make available for loan those quantities of gas up to the Maximum Loan Quantity ("MLQ") shown in the applicable Exhibit(s) A to the Shipper's PAL Agreement. However, under all such nominations made pursuant to an Exhibit A, Transporter shall not be obligated on any Day to deliver a total quantity of gas to Shipper for both loans and returned parks that exceeds the Maximum Daily PAL Withdrawal Quantity set forth in the applicable Exhibit A to Shipper's PAL Agreement. In addition, under all such nominations made pursuant to an Exhibit A, Transporter shall not be obligated on any Day to receive a total quantity of gas from Shipper for both parks and returned loans that exceeds the Maximum Daily PAL Injection Quantity set forth in the applicable Exhibit A to Shipper's PAL Agreement.

- 3.2 Transporter makes no representation, assurance or warranty that capacity will be available on Transporter's system at any time. Transporter may, at its sole discretion, interrupt or curtail the continuation of any or all of the services hereunder. Interruption of PAL services may include decreasing, temporarily suspending, or discontinuing the receipt or delivery of gas if Transporter in its reasonable discretion determines that such decrease, suspension or discontinuance is necessary to prevent the impairment of reliable service or when a higher priority service so requires. Nothing in this rate schedule shall limit Transporter's



right to take action pursuant to Sections 11 and 15 of Transporter's General Terms and Conditions.

- 3.3 Shipper may nominate delivery of gas under this rate schedule, subject to Section 7 of this Rate Schedule PAL and the nomination and confirmation procedures in Section 11 of the General Terms and Conditions. Individual Park and/or Loan Services provided under this Rate Schedule PAL shall be provided for a minimum of one (1) day or such longer period as agreed to by Shipper and Transporter, as specified in Exhibit(s) A to Shipper's PAL Agreement. Shipper may nominate as many different Park and/or Loan Service transactions as it desires during the term of its PAL Agreement. Services may be nominated consecutively, but quantities in Shipper's account under a PAL Agreement shall not exceed its Maximum Park Quantity or Maximum Loan Quantity, as applicable, thereunder.
- 3.4 Shipper may be required, upon notification from Transporter, to cease or reduce deliveries to Transporter for Shipper's park service within the day or to receive from park all, or any part, of its parked quantity under this Rate Schedule PAL as rapidly as is consistent with Transporter's operating capabilities. Notwithstanding anything to the contrary in Section 24 of Transporter's General Terms and Conditions, such notification shall be provided to affected parties through the affected party's choice of Electronic Notice Delivery mechanism(s). Any parked quantity not removed in accordance with Transporter's notice within five (5) days of Transporter giving Shipper such notice shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims; provided, however, that Transporter shall extend the time available for Shipper to remove its parked quantity by one (1) day for every day that Shipper has been unable to remove gas due to operational conditions on Transporter's system. If Transporter notifies Shipper, pursuant to this Section 3.4, that deliveries of parked quantities to Transporter must be suspended or reduced, only those quantities parked by Shipper in violation of the notification shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims.
- 3.5 Shipper may be required, upon notification from Transporter to deliver all, or any part, of its loaned gas quantity as rapidly as is consistent with Transporter's operating capabilities. Notwithstanding anything to the contrary in Section 24 of Transporter's General Terms and Conditions, such notification shall be provided to affected parties through the affected party's choice of Electronic Notice Delivery mechanism(s). Any quantity of gas not delivered in accordance with Transporter's notice within five (5) days of Transporter giving Shipper such notice shall be subject to Shipper's purchasing from Transporter such quantity of gas at 100% of the Index Price as defined in Section 13 of Transporter's General Terms and Conditions. Transporter shall extend the time available for Shipper to return its loaned quantity by one (1) day for every day that Shipper has been unable to return gas due to operational conditions on Transporter's system. If Transporter notifies Shipper, pursuant to this Section 3.5, that Shipper must return loaned

quantities to Transporter, only those quantities not returned by Shipper in violation of the notification shall be deemed to have been purchased by Shipper from Transporter.

3.6 PAL BALANCES. All PAL balance quantities reside at the PAL Point of Transaction at which the original park or loan quantity was nominated, and must be resolved at that PAL Point of Transaction by taking delivery of the Park Balance or returning the Loan Balance to Transporter, as applicable. Unless Shipper and Transporter have mutually agreed to resolve a PAL balance quantity created during a Month at the end of such Month in accordance with Section 3.7 of this Rate Schedule PAL and Section 13.2(e) of Transporter's General Terms and Conditions, as reflected in the applicable Exhibit A to Shipper's PAL Agreement, balances incurred under this Rate Schedule PAL shall be resolved via in-kind balancing during the remaining term of the transaction, which term is specified in Exhibit(s) A to Shipper's PAL Agreement. Shipper may resolve park and/or loan balances by transporting such balances between PAL Points of Transaction. The transportation shall be accomplished by Shipper's submission of a nomination under Shipper's executed Transportation Service Agreement and the subsequent scheduling and confirmation processes pursuant to Section 11 of Transporter's General Terms and Conditions. Shipper shall be required to reduce to zero each park and/or loan balance at the applicable PAL Point(s) of Transaction no later than the termination date of the Exhibit(s) A to Shipper's PAL Agreement, or prior to any mutually agreed upon extension of that term, applicable to that balance. Any balances remaining upon the termination date of the Exhibit(s) A to Shipper's PAL Agreement, or any mutually agreed upon extension of that term, shall be resolved in accordance with Section 3.7 of this Rate Schedule PAL.

3.7 Any parked quantities remaining in Shipper's account at the termination date of the associated Exhibit(s) A to Shipper's PAL Agreement or at the end of any mutually agreed upon extension of the termination date, or any monthly parked balance quantity which Shipper and Transporter have agreed to resolve pursuant to this Section 3.7, as reflected in the applicable Exhibit A to Shipper's PAL Agreement, shall be deemed a "Park Balance" under the applicable Exhibit(s) A to Shipper's PAL Agreement, and Transporter shall purchase such "Park Balance" from Shipper at 100% of the Index Price as defined in Section 13.2(e) of Transporter's General Terms and Conditions.

Any loaned quantities remaining in Shipper's account at the termination date of the associated Exhibit(s) A to Shipper's PAL Agreement or at the end of any mutually agreed upon extension of the termination date, or any monthly loaned balance quantity which Shipper and Transporter have agreed to resolve pursuant to this Section 3.7, as reflected in the applicable Exhibit A to Shipper's PAL Agreement, shall be deemed a "Loan Balance" under the applicable Exhibit(s) A to Shipper's PAL Agreement, and Shipper shall purchase such "Loan Balance"

from Transporter at 100% of the Index Price as defined in Section 13.2(e) of Transporter's General Terms and Conditions.

- 3.8 Any realized value received by Transporter from Shipper under Sections 3.4 and 3.6 of this Rate Schedule, net of Transporter's costs, shall be refunded to non-offending Shippers *pro rata* based on their quantities delivered to and received by Transporter. Refund of such realized value, net of Transporter's costs, for each calendar year shall be made by March 31 of each year.
- 3.9 Transporter and Shipper may mutually agree to an extended time frame and/or modified terms of any service agreement entered into pursuant to this Rate Schedule.
- 3.10 Service rights under a PAL Service Agreement may not be released or assigned.

#### 4. RATES

The rates and charges for service under this Rate Schedule shall be as follows:

##### 4.1 Daily Park Charge

The daily park charge shall be the absolute value of the product of the parked quantity for each day of the month and the daily park and loan rate per Dth as set forth on the effective Statement of Rates.

##### 4.2 Daily Loan Charge

The daily loan charge shall be the absolute value of the product of the loaned quantity for each day of the month and the daily park and loan rate per Dth as set forth on the effective Statement of Rates.

##### 4.3 Range of Rates

Unless otherwise agreed to in writing between Shipper and Transporter, any rate applicable to a Shipper for service hereunder shall be the applicable Maximum Rate as set forth on the effective Statement of Rates, as may be applicable from time to time. A discounted rate can be at any level not less than the minimum nor more than the maximum rates established for this Rate Schedule PAL and set forth on the effective Statement of Rates of Transporter's FERC Gas Tariff. In the event that a discounted rate will be applicable to a Shipper's PAL Service Agreement, such rate shall apply solely under the conditions and for the period agreed upon by Shipper and Transporter. Transporter shall not be required to enter into any Agreement for Park and Loan Service at a rate less than the Recourse Rate.

## 5. GENERAL TERMS AND CONDITIONS

All of the General Terms and Conditions of Transporter's FERC Gas Tariff are hereby incorporated by reference in this Rate Schedule PAL.

## 6. RESERVATIONS

Transporter reserves the right from time to time to unilaterally make any changes to, or to supersede, the rates and charges and other terms in this Rate Schedule PAL and the other provisions of Transporter's FERC Gas Tariff, and the applicability thereof, including the Form of Service Agreement hereunder, subject to the provisions of the Natural Gas Act and the Commission's Regulations thereunder.

## 7. NOMINATION AND SCHEDULING OF RECEIPTS AND DELIVERIES

7.1 If Shipper desires park and loan service on any Day under this Rate Schedule, Shipper shall submit a nomination to Transporter in accordance with Section 11 of Transporter's General Terms and Conditions. Customer shall nominate the agreed upon park or loan quantities and term at the PAL Point(s) of Transaction specified in Exhibit(s) A to Shipper's PAL Agreement. Such nominated quantities and term shall be subject to confirmation by Transporter. Transporter shall schedule the quantities nominated hereunder in accordance with Section 11 of Transporter's General Terms and Conditions.

7.2 Transporter shall reject any nomination if Shipper nominates quantities when the balance(s) in Shipper's account exceeds the specified MPQ and/or MLQ, as applicable, set forth in Exhibit(s) A to Shipper's PAL Agreement or when giving effect to the nomination would result in a balance(s) in Shipper's account in excess of the specified MPQ and/or MLQ, as applicable.

7.3 If Transporter, on any Day is unable to receive and/or deliver the total requests of all Shippers on Transporter's system, Transporter shall limit receipts and/or deliveries of gas hereunder in accordance with Sections 11 and 15 of Transporter's General Terms and Conditions.

## 8. OTHER OPERATING CONDITIONS

Shipper shall make all necessary arrangements with other parties at or upstream of the PAL Point(s) of Transaction where Shipper delivers gas to Transporter for Park Service or where Shipper delivers gas to decrease the balance in its account for Loan Service, and at or downstream of the PAL Point(s) of Transaction where Transporter delivers gas to decrease the balance in Shipper's account for Park Service or where Transporter delivers gas to Shipper for Loan Service, and such arrangements must be compatible with Transporter's system operations.

To the extent that any upstream entity involved in handling Shipper's gas refuses or is unable to deliver gas to Transporter, Transporter shall not be required to continue to receive gas on behalf of Shipper, as contemplated in this Section 8. To the extent that any downstream entity involved in handling Shipper's gas refuses or is unable to receive gas from Transporter, Transporter shall have the right to reduce an equal quantity of the deliveries of gas on behalf of Shipper, as contemplated in this Section 8.