

STATEMENT OF OPERATING CONDITIONS

of

ARCADIA GAS STORAGE, L.L.C.

Filed With The

FEDERAL ENERGY REGULATORY COMMISSION

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ARCADIA GAS STORAGE, L.L.C.

STATEMENT OF OPERATING CONDITIONS

APPLICABLE TO INTRASTATE AND NGPA SECTION 311 STORAGE SERVICE

DATED: December 15, 2015

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ARCADIA GAS STORAGE, L.L.C.

STATEMENT OF OPERATING CONDITIONS

APPLICABLE TO INTRASTATE AND NGPA SECTION 311 SERVICE

1. INTRODUCTION.

1.1 ARCADIA GAS STORAGE, L.L.C., (“Arcadia”) is a Texas limited liability company that is operating natural gas storage and pipeline facilities all located wholly within the state of Louisiana and is exempt from the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) under the Natural Gas Act of 1938 (“NGA”) and that qualifies as an intrastate pipeline company providing services within the meaning of Natural Gas Policy Act of 1978 (“NGPA”), Section 2(16) and Part 284 of the FERC regulations. If by providing services under Section 311 of the Natural Gas Policy Act of 1978 (“NGPA”) and the regulations thereunder, Arcadia’s status as an intrastate pipeline that is exempt from NGA jurisdiction is impacted, altered, or threatened in any way, by virtue of any change in statutes, regulations, or other applicable law of any kind, then Arcadia reserves the right to terminate all services under Section 311 of the NGPA and all Service Agreements related thereto, and to withdraw this Statement of Operating Conditions (“Statement of Operating Conditions” or “SOC”), all effective on the day before any such change in statutes, regulations, or other applicable law. Notwithstanding the foregoing, Arcadia will use its best efforts to perform its obligations under any Service Agreement in place.

1.2 Arcadia presents this Statement of Operating Conditions which describes the general provisions under which Arcadia will offer intrastate Firm and Interruptible services and NGPA Section 311 Firm and Interruptible services to eligible customers qualified to receive such services pursuant to NGPA Section 311(a)(2), as implemented by Part 284, Subpart C of the FERC's regulations without undue discrimination or preference within the meaning of 18 C.F.R. Part 284.7(b)(1), subject to the conditions herein set forth, such other reasonable conditions as may be established from time to time by Arcadia pursuant to 18 C.F.R. § 284.123(e), applicable legal and regulatory requirements, and the execution of and the terms and conditions of a Service Agreement and Confirmation(s).

2. DEFINITIONS.

Except as otherwise specified, the following terms as used herein and in the Service Agreement will be construed to have the following scope and meaning:

- (a) “Adequate Assurance of Performance” means sufficient security in a form and for the term reasonably specified by Arcadia.
- (b) “Available Capacity” means the quantitative amount of service Arcadia is capable of providing at any time in accordance with the terms and conditions set forth in this SOC and the Customer’s Service Agreement.
- (c) “Btu” means British thermal unit and, where appropriate, the plural thereof.
- (d) “Commencement Date” is defined in Section 9.1 of this Statement of Operating Conditions and means the date a Service Agreement becomes effective.
- (e) “Completion Date” is defined in Section 9.1 of this Statement of Operating Conditions and means the date that the primary term of a Service Agreement expires.
- (f) “Confirmation” means a communication, either in writing, by facsimile or by e-mail, which contains key terms and conditions agreed to between Arcadia and Customer for a particular injection, storage, or withdrawal arrangement under an Interruptible Service Agreement.
- (g) “Customer” means the party or anyone authorized to act on its behalf, including but not limited to agents brokers, that hold all lawful rights and/or title to the Gas that is being stored and who has a fully executed Service Agreement with Arcadia.
- (h) “Day” means a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. central clock time on any calendar day and ending at 9:00 a.m. central clock time on the following calendar day.
- (i) “Enhanced Authorized Overrun Service” or “Enhanced AOS” with respect to service under a Firm Storage Service Agreement means a Customer with a Firm Storage Services Agreement may nominate and schedule withdrawal and injection services for specified quantities above the MDWQ and MDIQ.
- (j) “Firm Services” refer to Firm Storage Service and Firm Wheeling Service. With respect to service under a Firm Service Agreement, it means that the use of the Storage Facilities or Capacity is not Interruptible, except as provided in Section 3.2 and Section 4.7 of this Statement of Operating Conditions.

- (k) “Fuel” means the quantity of Customer Gas that Arcadia shall retain as payment for gas and loss, if any, used in or associated with its operations in providing Services to Customer under a Service Agreement, expressed in Btus, and “Fuel Reimbursement” means Fuel expressed as a percentage of a quantity of Gas.
- (l) “Fuel Retention Volumes,” “Retention,” and “Retention Volumes” are terms used interchangeably and mean Fuel, and as defined in Section 8.2 of this Statement of Operating Conditions.
- (m) “Gas” means merchantable natural gas that meets or exceeds the specifications set forth herein.
- (n) “Heating Value” or “Heat Content” means the total calorific value expressed in Btu per cubic foot (gross heating value) of the Gas delivered to Customer, and will be determined pursuant to the method established between Arcadia and an upstream or downstream operator at any Receipt or Delivery Point(s).
- (o) “Interruptible Services” refer to Interruptible Storage Service, Interruptible Wheeling Service, Interruptible Park Service, Interruptible Loan Service, Interruptible Imbalance Trading Service, and Interruptible Balancing Service. With respect to service under an Interruptible Service Agreement, it means that the service is subject to interruption at any time by Arcadia for any reason, in its sole discretion and without notice.
- (p) “Maximum Daily Delivery Quantity” or “MDDQ” means the maximum quantity of Gas which Arcadia is obligated to deliver to a Customer from its Facility for the account of Customer during one Day as specified in an executed Firm or Interruptible Wheeling Service Agreement.
- (q) “Maximum Daily Injection Quantity” or “MDIQ” means the maximum quantity of Gas which Arcadia is obligated to receive into its Facility for the account of Customer during one Day as specified in an executed Firm or Interruptible Storage Service Agreement. Total MDIQ shall include Fuel.
- (r) “Maximum Daily Receipt Quantity” or “MDRQ” means the maximum quantity of Gas which Arcadia is obligated to receive for the account to a Customer during one Day as specified in an executed Firm or Interruptible Wheeling Service Agreement. Total MDRQ shall include fuel.
- (s) “Maximum Daily Withdrawal Quantity” or “MDWQ” means the maximum quantity of Gas which Arcadia is obligated to deliver for the account of Customer during one Day as specified in an executed Firm or Interruptible Storage Service Agreement.

- (t) “Maximum Storage Quantity” or “MSQ” means the maximum quantity of Gas which Arcadia is obligated to store at any one time for the account of Customer as specified in an executed Firm or Interruptible Storage Service Agreement.
- (u) “Maximum Wheeling Quantity” or “MWQ” means the maximum quantity of Gas which Arcadia is obligated to wheel at any one time for the account of Customer as specified in an executed Firm Wheeling Service Agreement.
- (v) “MMBtu” means one million (1,000,000) Btus.
- (w) “Month” means that period of time beginning at 9:00 a.m. central clock time on the first day of a calendar month and ending at 9:00 a.m. central clock time on the first day of the following calendar month; provided that, the first Month under the Service Agreement will commence on the first day of the calendar month in which the Commencement Date occurs, and the last Month will end on the Completion Date.
- (x) “Point(s) of Delivery” is defined in Section 6.1 of this Statement of Operating Conditions and means the point or points at which Gas is delivered by Arcadia to Customer.
- (y) “Point(s) of Receipt” is defined in Section 6.2 of the Statement of Operating Conditions and means the point or points at which Gas is received into the Storage Facilities.
- (z) “Potential Customer” means any person that desires to execute a Service Agreement with Arcadia.
- (aa) “Predetermined Allocation Methodology” or “PDA” means the method established between Arcadia and Customer or on Customer’s behalf to be applied for purposes of allocating quantities of Gas measured at any Point(s) of Delivery or Receipt.
- (bb) “Psia” means pounds per square inch absolute.
- (cc) “Psig” means pounds per square inch gauge.
- (dd) “Secondary Point(s) of Delivery” means the alternate point or points at which Gas may be delivered by Arcadia to Customer.
- (ee) “Secondary Point(s) of Receipt” means the alternate point or points at which Gas may be received into the Storage Facilities.
- (ff) “Service Agreement” means an executed agreement by and between Arcadia and Customer, providing for Firm or Interruptible services by Arcadia for Customer.

- (gg) “Storage Capacity” means Available Capacity.
- (hh) “Storage Facility(ies)” or “Facility(ies)” mean the facilities described in Section 1.
- (ii) “Storage Reservation Fee” means the fee paid by Customer to Arcadia for the purpose of reserving capacity for Customer’s account in the Storage Facilities.
- (jj) “Year” means the period beginning at 9:00 a.m. central clock time on the first day of the Month of the Commencement Date and ending at 9:00 a.m. central clock time one calendar year later, and each year thereafter during the Term of the Service Agreement.

3. SERVICE AGREEMENT.

3.1 A Service Agreement is required for all services hereunder and will be subject to all terms and provisions of this Statement of Operating Conditions. To request service, a potential customer should contact:

Arcadia Gas Storage, L.L.C.
ATTN: Contract Administrator
Three Riverway, Suite 1250
Houston, Texas 77056
Telephone: (713) 350-2500
Facsimile: (713) 350 - 2550
Email Address: CardinalContractAdmin@cardinalgas.com

The Service Agreement will incorporate by reference the provisions of this Statement of Operating Conditions. The Service Agreement and its applicable Confirmation [Confirmation is only applicable to an Interruptible Agreement] will contain specific details agreed to by Arcadia and Customer for a particular services arrangement. Multiple storage arrangements can be agreed to between the Parties and confirmed by Confirmation under a single Interruptible Service Agreement. Neither Arcadia nor Customer will have any obligations to one another until a Service Agreement is executed by the authorized representatives of both Arcadia and Customer. If Arcadia and the Potential Customer mutually agree to the rate(s) that the Potential Customer will pay for service and Customer provides documentation to demonstrate its creditworthiness to the satisfaction of Arcadia in accordance with Section 3.2 hereof, then Arcadia will, subject to the execution of the Service Agreement, provide the service agreed to by the parties.

3.2 *Credit Approval and Information.* Execution of a Service Agreement is contingent upon a satisfactory appraisal of Customer's credit by Arcadia. To enable Arcadia to conduct such credit appraisal, the Potential Customer shall submit the information set out in subsections 3.2.1(a), (b), and (c) below as requested by Arcadia; provided, however, that submission of such material will not be deemed acceptance of the request for Service Agreement. Arcadia will apply consistent evaluation practices on a non-discriminatory basis to determine creditworthiness.

3.2.1 Potential Customer shall provide: (a) a copy of its most recent audited financial statement; (b) a bank reference; and (c) at least three trade references, which indicate that Potential Customer's obligations are being paid on a prompt basis. If Potential Customer cannot provide the above information, then Potential Customer shall, if applicable, provide that information for its parent company.

3.2.2 A Potential Customer must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under the state laws, such as an assignment for the benefit of creditors, or any informal creditors' committee agreement. An exception can be made for a potential Customer who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act

but only upon provision of adequate assurances satisfactory to Arcadia that Arcadia will be paid promptly as costs of administration under the federal court's jurisdiction.

3.2.3 A Potential Customer must not be subject to the uncertainty of pending liquidation or regulatory proceedings in state or federal courts which could cause a substantial deterioration in its financial condition, which could cause a condition of insolvency, or which could impair the ability of the Potential Customer to continue to exist as an ongoing business entity.

3.2.4 If a Potential Customer has an ongoing business relationship with Arcadia, no delinquent balances shall be consistently outstanding for Services provided previously by Arcadia. Potential Customer shall have paid its account for past periods according to established contract terms, not having made deductions or withheld payment not authorized by contract.

3.2.5 If during the term of service under a Service Agreement, any of the events or conditions or actions described above occur, are initiated, or are imposed, Customer promptly shall notify Arcadia within two (2) business Days.

3.2.6 Customer shall furnish Arcadia at least annually upon request, and at such other time(s) as is requested by Arcadia, updated credit information for the purpose of enabling Arcadia to perform an updated credit appraisal.

3.2.7 Customer shall furnish Arcadia upon request any additional information as a prerequisite to the execution of Service Agreement with a Potential Customer, including, without limitation, warranty of (a) the Potential Customer's lawful right and title to cause the Gas to be delivered to Arcadia for storage or other services; (b) the Potential Customer's contractual or physical ability to cause such Gas to be delivered to and received from Arcadia; or (c) the Potential Customer's lawful right and title to the Gas to be stored or for other services.

3.2.8 In the event Arcadia has a reasonable basis for insecurity with respect to a Customer's credit during the term of any Service Agreement, Arcadia may demand Customer to provide "Adequate Assurance of Performance." Customer at its option may provide one of the following forms of security:

(a) Post an irrevocable standby letter of credit in a form and from a bank satisfactory to Arcadia, in an amount equal to two (2) months total charges plus any imbalance then due Arcadia.

(b) Provide a prepayment or a deposit in an amount equal to two (2) months total charges plus any imbalance then due Arcadia.

(c) Provide a guaranty in form and substance acceptable to Arcadia from a creditworthy entity which does satisfy the credit appraisal of performance of all obligations owed to Arcadia.

3.2.9 Arcadia will not be required to perform or continue to perform service under any Service Agreement in the event: (i) Customer has voluntarily filed for bankruptcy protection under any chapter of the Bankruptcy Code; (ii) Customer is the subject of an involuntary petition of bankruptcy under any chapter of the Bankruptcy Code, and such involuntary petition has not been settled or otherwise dismissed within 90 Days of such filing; or (iii) Customer otherwise becomes insolvent, whether by an inability to meet its debts as they come due in the ordinary course of business or because its liabilities exceed its assets on a balance sheet test; and/or however such insolvency may otherwise be evidenced.

3.2.10 Should Customer fail to provide Adequate Assurance of Performance within two (2) business Days after receipt of written demand for such assurance, then Arcadia shall have the right to suspend performance under any Service Agreement until such time as Customer furnishes Adequate Assurance of Performance and/or terminate any Service Agreement in addition to having any and all other remedies available hereunder.

3.3 Arcadia will have the right not to enter any Service Agreement that does not contain the required information set forth herein and Arcadia will have no liability to Customer or any other entity in connection with such rejection. Customer may be required to provide to Arcadia the state of the consumption of Gas that is to be withdrawn from storage or that will be the subject of services provided by Arcadia and such other information if required in order for Arcadia to comply with any FERC reporting or other regulatory or other requirements.

3.3.1 *Complaints.* In the event a Customer or potential Customer has a complaint relative to services, the Customer shall provide a description of the complaint, verbally or in writing, and communicate it to:

Arcadia Gas Storage, L.L.C.
ATTN: Contract Administrator
Three Riverway, Suite 1250
Houston, Texas 77056
Telephone: (713) 350-2500
Facsimile: (713) 350 - 2550
Email Address: CardinalContractAdmin@cardinalgs.com

4. GENERAL.

4.1 In the case of a Firm Storage Service Agreement, Arcadia will provide services including the reservation of capacity in the Storage Facilities for Customer sufficient to enable Customer to inject Gas into, withdraw Gas from, and store Gas in the Storage Facilities, in quantities up to the maximum quantities set forth in the Customer's Firm Service Agreement.

Arcadia will receive Gas at the Point(s) of Receipt as nominated and tendered by Customer, inject the gas into storage, store the Gas, and deliver Gas volumes at the Point(s) of Delivery. Customer's account will be credited for Gas injected into storage less the Fuel retention Volumes. Arcadia's obligations to receive, store, and deliver Gas to the Points of Delivery are subject to: (i) Available Capacity, as determined by Arcadia in accordance with Section 4.7; (ii) Customer's failure or refusal to deliver Gas to or receive Gas from Arcadia as required under this Statement of Operating Conditions, any Service Agreement or Confirmation; (iii) any laws, rules, orders, or requirements of any governmental or regulatory authorities that limit, prevent, or interfere with Arcadia's performance; and (iv) as otherwise provided under any other terms and conditions in this Statement of Operating Conditions, any Service Agreement or any Confirmation.

4.1.1 Arcadia shall not be obligated to receive or deliver for Customer's account, quantities of Gas in excess of Customer's MDIQ or MDWQ, respectively, unless Customer's Service Agreement provides for Enhanced AOS, or Customer's MSQ.

4.1.2 The sum of the individual maximum daily quantities for the Point(s) of Receipt shall not exceed the Customer's MDIQ, unless Customer's Service Agreement provides for Enhanced AOS. Point(s) of Receipt and the quantities for each must be specified in the Service Agreement.

4.1.3 The sum of the individual maximum daily quantities for the Point(s) of Delivery shall not exceed the Customer's MDWQ, unless Customer's service Agreement provides for Enhanced AOS. Point(s) of Delivery and the quantities for each must be specified in the Service Agreement.

4.1.4 The maximum quantity of Gas that Arcadia is obligated to receive hereunder at the Point(s) of Receipt and deliver hereunder at the Point(s) of Delivery during any given hour of any Day is 1/24 of the Customer's scheduled daily volume.

4.1.5 All quantities of Gas received, stored, and delivered under any Service Agreement will be expressed in terms of MMBtu, including, without limitation, calculation of payments, determination of imbalances, and determination of Fuel Retention Volumes.

4.1.6 Customer is responsible for making all necessary transportation arrangements into and away from the Storage Facilities, including without limitation, nomination and scheduling of Gas with pipeline transporters in quantities necessary for the performance of the Service Agreement and compliance with this Statement of

Operating Conditions. All receipts and deliveries of Gas shall be at a uniform hourly and daily rate of flow over the course of the Day, unless otherwise agreed.

4.2 *Firm Storage Services Charges.* Customer shall pay Arcadia the charges as set forth and agreed to in the Customer's Service Agreement or Confirmation. Firm charges are set forth below and as further delineated in the Service Agreement.

Injection charge: A charge for injection which is the product of the Injection Rate set forth in the Customer's Service Agreement times the quantities of Gas, measured in MMBtus, received at the Point(s) of Receipt and injected into the Storage Facilities for the account of Customer.

Withdrawal charge: A charge for withdrawal and delivery which is the product of the Withdrawal Rate set forth in the Customer's Service Agreement times the quantities of Gas, measured in MMBtus, withdrawn from the Storage Facilities and redelivered for the account of Customer at the Point(s) of Delivery.

Reservation charge: A monthly capacity reservation charge which is the product of the Reservation Rate, as set forth in Customer's Service Agreement, times Customer's MSQ, expressed in MMBtus.

Fuel Reimbursement: A charge for Fuel and loss of gas, if any, in the course of Arcadia's operations under Customer's Service Agreement, consisting of a quantity of Gas in-kind, measured in MMBtus, equal to the Fuel Reimbursement set forth in Customer's Service Agreement times the gross quantities of Gas tendered at the Point(s) of Receipt for injection into the Storage Facilities for the account of Customer during the month. This quantity of Gas and the title thereto shall transfer to Arcadia at the downstream flange of Arcadia's inlet meter at the Storage Facilities.

Enhanced AOS charge: An Injection charge and/or Withdrawal charge, calculated utilizing the applicable rates set forth in the Customer's Service Agreement, which specifically provides the customer with Enhanced Overrun Service.

Penalties and other charges: All penalties and other charges described in this Statement of Operating Conditions.

4.3 In the case of a Firm Wheeling Service Agreement, Arcadia will provide services including the reservation of capacity in the Storage Facilities for Customer sufficient to enable Customer to receive Gas into, wheel Gas through, and deliver Gas from the Storage Facilities, in quantities up to the maximum quantities set forth in the Customer's Firm Service Agreement.

Arcadia will receive Gas at the Point(s) of Receipt as nominated and tendered by Customer, wheel the Gas, and deliver Gas volumes at the Point(s) of Delivery. Customer's account will be credited for Gas wheeled less the Fuel retention Volumes. Arcadia's obligations

to receive, wheel, and deliver Gas to the Points of Delivery are subject to: (i) Available Capacity, as determined by Arcadia in accordance with Section 4.7; (ii) Customer's failure or refusal to deliver Gas to or receive Gas from Arcadia as required under this Statement of Operating Conditions, any Service Agreement or Confirmation; (iii) any laws, rules, orders, or requirements of any governmental or regulatory authorities that limit, prevent, or interfere with Arcadia's performance; and (iv) as otherwise provided under any other terms and conditions in this Statement of Operating Conditions, any Service Agreement or any Confirmation.

4.3.1 Arcadia shall not be obligated to receive or deliver for Customer's account, quantities of Gas in excess of Customer's MDRQ or MDDQ, respectively, or Customer's MWQ.

4.3.2 The sum of the individual maximum daily quantities for the Point(s) of Receipt shall not exceed the Customer's MDRQ. Point(s) of Receipt and the quantities for each must be specified in the Service Agreement.

4.3.3 The sum of the individual maximum daily quantities for the Point(s) of Delivery shall not exceed the Customer's MDDQ. Point(s) of Delivery and the quantities for each must be specified in the Service Agreement.

4.3.4 The maximum quantity of Gas that Arcadia is obligated to receive hereunder at the Point(s) of Receipt and deliver hereunder at the Point(s) of Delivery during any given hour of any Day is 1/24 of the Customer's scheduled daily volume.

4.3.5 All quantities of Gas received, wheeled, and delivered under any Service Agreement will be expressed in terms of MMBtu, including, without limitation, calculation of payments, determination of imbalances, and determination of Fuel Retention Volumes.

4.3.6 Customer is responsible for making all necessary transportation arrangements into and away from the Storage Facilities, including without limitation, nomination and scheduling of Gas with pipeline transporters in quantities necessary for the performance of the Service Agreement and compliance with this Statement of Operating Conditions. All receipts and deliveries of Gas shall be at a uniform hourly and daily rate of flow over the course of the Day, unless otherwise agreed.

4.4 *Firm Wheeling Services Charges.* Customer shall pay Arcadia the charges as set forth and agreed to in the Customer's Service Agreement or Confirmation. Firm charges are set forth below and as further delineated in the Service Agreement.

Receipt charge: A charge for receipt which is the product of the Receipt Rate set forth in the Customer's Service Agreement times the quantities of Gas, measured in MMBtus, received at the Point(s) of Receipt and wheeled for the account of Customer.

Delivery charge: A charge for delivery which is the product of the Delivery Rate set forth in the Customer's Service Agreement times the quantities of Gas, measured in MMBtus, redelivered for the account of Customer at the Point(s) of Delivery.

Reservation charge: A monthly capacity reservation charge which is the product of the Reservation Rate, as set forth in Customer's Service Agreement, times Customer's MWQ, expressed in MMBtus.

Fuel Reimbursement: A charge for Fuel and loss of gas, if any, in the course of Arcadia's operations under Customer's Service Agreement, consisting of a quantity of Gas in-kind, measured in MMBtus, equal to the Fuel Reimbursement set forth in Customer's Service Agreement times the gross quantities of Gas tendered at the Point(s) of Receipt for the account of Customer during the month. This quantity of Gas and the title thereto shall transfer to Arcadia at the downstream flange of Arcadia's inlet meter at the Storage Facilities.

Penalties and other charges: All penalties and other charges described in this Statement of Operating Conditions.

4.5 In the case of an Interruptible Service Agreement, Arcadia will provide services for Customer sufficient to enable Customer to inject Gas into, withdraw Gas from, wheel gas through, and store Gas in the Storage Facilities, in quantities up to the maximum quantities set forth in the Customer's Interruptible Service Agreement.

Arcadia will receive Gas at the Point(s) of Receipt as nominated and tendered by Customer, inject the gas into storage, wheel Gas, store the Gas, and deliver Gas volumes at the Point(s) of Delivery. Customer's account will be credited for Gas injected into storage less the Fuel retention Volumes. Arcadia's obligations to receive, wheel, store, and deliver Gas to the Points of Delivery are subject to: (i) Available Capacity, as determined by Arcadia in accordance with Section 4.7; (ii) Customer's failure or refusal to deliver Gas to or receive Gas from Arcadia as required under this Statement of Operating Conditions, any Service Agreement or Confirmation; (iii) any laws, rules, orders, or requirements of any governmental or regulatory authorities that limit, prevent, or interfere with Arcadia's performance; and (iv) as otherwise provided under any other terms and conditions in this Statement of Operating Conditions, any Service Agreement or any Confirmation.

4.5.1 Arcadia shall not be obligated to receive or deliver for Customer's account, quantities of Gas in excess of Customer's MDIQ, MDRQ, MDWQ, or MDDQ, respectively.

4.5.2 The sum of the individual maximum daily quantities for the Point(s) of Receipt shall not exceed the Customer's MDIQ or MDRQ. Point(s) of Receipt and the quantities for each must be specified in the Service Agreement.

4.5.3 The sum of the individual maximum daily quantities for the Point(s) of Delivery shall not exceed the Customer's MDWQ or MDDQ. Point(s) of Delivery and the quantities for each must be specified in the Service Agreement.

4.5.4 The maximum quantity of Gas that Arcadia is obligated to receive hereunder at the Point(s) of Receipt and deliver hereunder at the Point(s) of Delivery during any given hour of any Day is 1/24 of the Customer's scheduled daily volume.

4.5.5 All quantities of Gas received, stored, and delivered under any Service Agreement will be expressed in terms of MMBtu, including, without limitation, calculation of payments, determination of imbalances, and determination of Fuel Retention Volumes.

4.5.6 Customer is responsible for making all necessary transportation arrangements into and away from the Storage Facilities, including without limitation, nomination and scheduling of Gas with pipeline transporters in quantities necessary for the performance of the Service Agreement and compliance with this Statement of Operating Conditions. All receipts and deliveries of Gas shall be at a uniform hourly and daily rate of flow over the course of the Day, unless otherwise agreed.

4.6 *Interruptible Services Charges.* Customer shall pay Arcadia the charges as set forth and agreed to in the Customer's Service Agreement or Confirmation. Interruptible charges are set forth below and as further delineated in the Service Agreement.

Injection charge: A charge for injection which is the product of the Injection Rate set forth in the Customer's Service Agreement times the quantities of Gas, measured in MMBtus, received at the Point(s) of Receipt and injected into the Storage Facilities for the account of Customer.

Withdrawal charge: A charge for withdrawal and delivery which is the product of the Withdrawal Rate set forth in the Customer's Service Agreement times the quantities of Gas, measured in MMBtus, withdrawn from the Storage Facilities and redelivered for the account of Customer at the Point(s) of Delivery.

Receipt charge: A charge for receipt which is the product of the Receipt Rate set forth in the Customer's Service Agreement times the quantities of Gas, measured in MMBtus, received at the Point(s) of Receipt and wheeled for the account of Customer.

Delivery charge: A charge for delivery which is the product of the Delivery Rate set forth in the Customer's Service Agreement times the quantities of Gas, measured in MMBtus, redelivered for the account of Customer at the Point(s) of Delivery.

Reservation charge: A monthly capacity reservation charge which is the product of the Reservation Rate, as set forth in Customer's Service Agreement, times Customer's MSQ or MWQ, expressed in MMBtus.

Fuel Reimbursement: A charge for Fuel and loss of gas, if any, in the course of Arcadia's operations under Customer's Service Agreement, consisting of a quantity of Gas in-kind, measured in MMBtus, equal to the Fuel Reimbursement set forth in Customer's Service Agreement times the gross quantities of Gas tendered at the Point(s) of Receipt for injection into the Storage Facilities for the account of Customer during the month. This quantity of Gas and the title thereto shall transfer to Arcadia at the downstream flange of Arcadia's inlet meter at the Storage Facilities.

Penalties and other charges: All penalties and other charges described in this Statement of Operating Conditions.

4.7 *Interruption of Service.* Service under any Service Agreement may be interrupted by Arcadia, in whole or in part, from time to time for the reasons listed below. **ARCADIA WILL NOT BE LIABLE FOR ANY LOSS OR DAMAGE TO ANY PERSON OR PROPERTY CAUSED, IN WHOLE OR IN PART, BY ANY INTERRUPTION OF SERVICE, EXCEPT TO THE EXTENT CAUSED BY ARCADIA'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.**

4.7.1 Firm Service may be interrupted if:

(i) Arcadia is rendered unable, wholly or in part, by *Force Majeure* (defined in Section 8 of the General Terms and Conditions), from providing such service; or

(ii) Customer fails to comply with the terms of this Statement of Operating Conditions, the terms of any of its Service Agreements, or applicable legal and regulatory provisions. Notwithstanding this Section 4.7.1(ii), Arcadia will provide notice to Customer, setting out with specificity how Customer is failing to comply with Arcadia's Statement of Operating Conditions, prior to Arcadia interrupting service to Customer. Customer shall have forty-eight (48) hours to cure its non-compliance, after receipt of Arcadia's notice to Customer.

4.7.2 Interruptible Service may be interrupted at any time if providing such service would impair Arcadia's service obligation to (i) its firm service customers, (ii) its interruptible service customers with a higher service priority; or (iii) Customer fails to comply with the terms of this Statement of Operating Conditions, the terms of any of its Service Agreements or any Confirmation, or applicable legal and regulatory provisions.

4.8 *Customer's Obligations.* In addition to the obligations set forth elsewhere herein, Customer is responsible for all arrangements for the transportation of Gas to be injected into or

withdrawn from storage, or Gas delivered to or received from Arcadia. Customer will tender the quantities of Gas nominated under the Service Agreement at the Points of Receipt, and accept the Gas at the Points of Delivery. Customer's obligations set forth in the preceding sentence are subject to: (i) an event of *force majeure*; (ii) Arcadia's failure or refusal to receive Gas from or deliver Gas to Customer as required under this Statement of Operating Conditions; (iii) any laws, rules, orders, or requirements of any governmental or regulatory authorities that limit, prevent, or interfere with Customer's performance; and (iv) as otherwise provided under any other terms and conditions in this Statement of Operating Conditions or the Service Agreement or Confirmation.

4.9 *Priority of Service and Scheduling.* From time to time, Arcadia may not have sufficient Capacity available to accommodate all nominations through specific Point(s) of Receipt, specific Point(s) of Delivery, specific compression stations, and/or specific segments of Arcadia's storage system. In that event, Arcadia will schedule service in the following order of priority:

- (i) Firm storage and firm wheeling services shall receive the highest priority. A Firm customer will be entitled to receive service in accordance with the terms of its service agreement unless service is interrupted pursuant to and in keeping with Section 4.7. To the extent there is capacity available to accommodate some but not all of Arcadia's firm obligations, available capacity in the curtailed service shall be allocated *pro rata* among those customers entitled to such service based on the ratio of those customers' respective firm entitlements to such service.
- (ii) Firm storage and wheeling involving Secondary Points of Delivery and Receipt shall receive the next highest priority. A Firm customer will be entitled to receive service in accordance with the terms of its Service Agreement unless service is interrupted pursuant to and in keeping with Section 4.7. To the extent that there is capacity available to accommodate some but not all of Arcadia's firm obligations involving Secondary Points of Delivery and Receipt, available capacity in the curtailed service shall be allocated *pro rata* among those customers entitled to such service based on the ratio of those customers' respective firm entitlements to such service.
- (iii) Enhanced AOS injections or withdrawals requested pursuant to the terms of a Firm Storage customer's service agreement shall receive the next highest priority. A Firm Storage customer, which has contracted for Enhanced AOS, will be entitled to receive Enhanced AOS in accordance with the terms of its service agreement unless service is interrupted pursuant to and in keeping with Section 4.7. To the extent there is capacity available to accommodate some, but not all of Arcadia's Firm Enhanced AOS obligations, available capacity in the curtailed service shall be allocated *pro rata* among those customers entitled to such service based on the ratio of those customers' respective entitlements to such service.
- (iv) Interruptible services shall receive the next highest priority. To the extent there is sufficient Capacity to serve all Firm and Enhanced AOS storage nominations and some, but not all, of the Interruptible nominations, Capacity will be allocated

among the Interruptible Customers based on the Customer whose contract provides the greatest net revenue to Arcadia given the highest priority. Should two or more Interruptible Customers have the same priority, capacity will be allocated to each Customer on a pro rata basis.

ARCADIA SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGE TO ANY PERSON OR PROPERTY CAUSED, IN WHOLE OR IN PART, BY ANY INTERRUPTION OR CURTAILMENT OF SERVICE IN ACCORDANCE WITH SECTION 4.3. CUSTOMER AGREES TO INDEMNIFY AND HOLD HARMLESS ARCADIA, ITS OFFICERS, MEMBERS, AGENTS, EMPLOYEES, AND CONTRACTORS, FROM AND AGAINST ANY AND ALL SUITS, CLAIMS, LIABILITY, LOSS, DAMAGES, COSTS (INCLUDING ATTORNEYS' FEES AND COURT COSTS), OR ENCUMBRANCES WHATSOEVER BROUGHT BY ANY PERSON OR ENTITY AGAINST ARCADIA AS A RESULT OF, OR ARISING OUT OF, SUCH INTERRUPTION OR CURTAILMENT OF SERVICE.

4.10 *Interruption of Firm Service.* Should Arcadia interrupt the provision of firm service for any reason other than as provided in Section 4.7 above, Arcadia will (i) be liable to Customer for any loss incurred by Customer due to its inability to actually store gas that has been properly nominated for storage injection or withdrawal, (ii) reimburse Customer for any imbalance charges incurred by Customer by reason of Arcadia's refusal to provide service, and (iii) credit Customer with a deduction from its storage capacity charge for such quantity of gas Customer is denied usage (either via injection or withdrawal).

4.11 *Multiple Service Agreements.* If Customer has multiple Service Agreements with Arcadia, Customer will not be permitted to combine services available under such agreements. Specifically, Gas will be received under a particular Service Agreement, will be stored under a particular Service Agreement, and will be delivered under the same Service Agreement. Further, separate Service Agreements must be executed for NGPA Section 311 service and intrastate service, if both services are desired.

4.12 *Title Transfers of Gas in Storage.*

4.12.1 A Customer whose Service Agreement provides for Storage Service may transfer gas the Customer has in the Customer's Storage Inventory to any other Customer whose Service Agreement provides for those services if:

All Customers involved in the proposed transfer of gas in Storage Inventory provides, prior to any transfer, written verification to Arcadia of the transfer; and

The transfer does not cause either Customer to exceed its Maximum Storage Quantity or any other agreed-upon limit applicable to any service Customer is entitled to receive from Arcadia under this Statement of Operating Conditions or cause either Customer's balance to go below zero.

4.12.2 Arcadia will recognize the transfer for purposes of computing available Storage Inventory on a prospective basis within 24 hours after receiving written verification.

4.12.3 For each title transfer of gas in storage performed by Customer under this Section 4.12, Customer shall pay the gas title transfer rate set forth in Customer's Service Agreement.

5. INJECTION AND DELIVERY PROCEDURES. Arcadia's obligations to receive, to wheel, to store, and to deliver Gas to Customer are subject to the provisions of Customer's Service Agreement and the Confirmation(s) and this Statement of Operating Conditions.

5.1 Arcadia shall receive from Customer at the Point(s) of Receipt properly nominated Gas for injection or wheeling plus Fuel up to Customer's MDIQ or MDRQ (unless Customer's Service Agreement provides for Enhanced AOS); provided, however, that Arcadia shall not be obligated to receive and inject into the Storage Facilities on any Day any quantities of Gas greater than the difference between Customer's MSQ and the balance of Gas Customer has in Storage at that time; and provided, further, that Customer's MDIQ may be less from time to time depending on the amount of Gas and operational pressures existing from time to time in the Storage Facilities and at the Point(s) of Receipt. Arcadia's obligation to receive Gas for injection into the Storage Facilities shall be subject to all provisions of Customer's Service Agreement and this Statement of Operating Conditions.

5.2 Arcadia shall deliver to Customer properly nominated Gas from the Storage Facilities at the Point(s) of Delivery up to the MDWQ or MDDQ (unless Customer's Service Agreement provides for Enhanced AOS); provided, Arcadia is not obligated at any time to deliver any quantity of Gas to Customer in excess of the balance of Gas that Customer has in Storage at that time. Arcadia's obligation to deliver quantities of Gas up to the MDWQ shall be subject to all provisions of Customer's Service Agreement and this Statement of Operating Conditions.

5.3 If upon expiration of Customer's Service Agreement, quantities of Customer's Gas remain in the Storage Facilities for any reason other than (i) Arcadia's failure to make properly nominated quantities available for delivery, or (ii) an event of *Force Majeure*, whether affecting Arcadia's Storage Facilities or other transportation facilities, that prevents Customer from withdrawing and delivering at the Delivery Point(s) its Gas from storage, then Arcadia shall have the option, in its sole discretion, to either (i) extend the term of Customer's Service Agreement for thirty (30) Days within which time Customer shall, under conditions of delivery determined by Arcadia, properly nominate and accept deliveries at the Point(s) of Delivery from the Storage Facilities of all of its remaining Gas or (ii) purchase each MMBtu of Customer's Gas balance remaining in the Storage Facilities at a price per MMBtu equal to 85% of the Platts' Gas Daily highest published price for Louisiana on the day Arcadia exercises this option.

5.4 Notwithstanding anything in Customer's Service Agreement or this Statement of Operating Conditions to the contrary, and in the event Arcadia elects to extend the term of Customer's Service Agreement for thirty (30) Days as aforesaid, if after such thirty (30) Day extension period, Customer still has Gas remaining in the Storage Facilities, title to all said Gas remaining in the Storage Facilities shall automatically be transferred to Arcadia at the expiration of such extension period as compensation and penalty for Customer's failure to properly nominate and accept delivery of such Gas and Customer will have no further rights with regard thereto. To the extent that the foregoing title transfer provision may be deemed to constitute liquidated damages, the parties agree that Arcadia's damages from Customer's failure to nominate and accept delivery of Gas, which may include but not be limited to lost opportunity

costs, are difficult or impossible to determine and that such title transfer constitutes a reasonable approximation of such damages.

6. POINTS OF DELIVERY AND POINTS OF RECEIPT.

6.1 *Points of Delivery.* Arcadia will deliver Gas to Customer, or its agent, under this Statement of Operating Conditions, the Service Agreement and/or its applicable Confirmation to the existing points of interconnection between Arcadia's facilities and the pipeline or receipt facilities of other parties at the "Points of Delivery" (including "Secondary Point(s) of Delivery") identified in the Service Agreement and/or its applicable Confirmation. Points of Delivery may be modified, or additional Points of Delivery may be added to the Service Agreement and/or Confirmation, by mutual agreement of the parties.

6.2 *Points of Receipt.* Customer will tender Gas for delivery to Arcadia under this Statement of Operating Conditions, the Service Agreement and/or its applicable Confirmation from the existing points of interconnection between Arcadia's facilities and the pipeline or delivery facilities of other parties at the "Points of Receipt" (including, "Secondary Point(s) of Receipt") identified in the Service Agreement and/or its applicable Confirmation. Points of Receipt may be modified, or additional Points of Receipt may be added to the Service Agreement and/or Confirmation, by mutual agreement of the parties.

6.3 *Allocation at Receipt and Points of Delivery.* It is recognized that quantities of Gas may be received or delivered through the Points of Receipt and/or the Points of Delivery from one or more parties other than the Customer. If that occurs, the measurement of gas may involve the allocation of Gas receipts or deliveries.

6.4 *Payment of Fees.* Customer must pay any and all injection, storage, withdrawal, transportation, measurement, testing, compression, or other fees or charges imposed by any third party on deliveries at any Point of Receipt or Point of Delivery. Notwithstanding the foregoing, in the event Arcadia pays any such fees, Customer must reimburse Arcadia for any such fees or charges paid by Arcadia with respect to Customer's Gas provided that Arcadia has given Customer written notice of the amount of such fees and Customer has agreed in writing to reimburse Arcadia for such fee. If Customer has not given Arcadia written notice of its agreement to reimburse Arcadia for any such third party fees, Arcadia will have no obligation to receive Gas for Customer at any such Point of Receipt or deliver Gas for Customer at any such Point of Delivery that may be subject to the third party fee.

7. NOMINATIONS AND BALANCING.

7.1 *Nominations.* Customer must have a fully executed Service Agreement or Confirmation in the case of a transaction under an executed Interruptible Service Agreement, from Arcadia prior to submitting nominations. Customer shall submit nominations to inject, receive, withdraw, and deliver Gas via Arcadia's Web-based online nomination system or on a form acceptable to Arcadia. All quantities shall be expressed in MMBtu per day and shall state Points of Receipt and Points of Delivery, as appropriate. Arcadia shall accept nominations in accordance with the nomination scheduling procedures then in effect for the interconnecting pipeline companies at the respective Point(s) of Delivery and/or Point(s) of Receipt, as may be amended from time to time. Nominations submitted not in compliance with the above nomination scheduling procedures will be taken on a best efforts basis. If Customer's nomination results in exceeding Customer's Maximum Daily Injection Quantity (unless Customer's Service Agreement provides for Enhanced AOS) or Maximum Daily Withdrawal Quantity (unless Customer's Service Agreement provides for Enhanced AOS) or Maximum Storage Quantity, or would cause interruption of another customer's scheduled firm service, then such nomination shall be accepted or rejected at Company's sole discretion. Notwithstanding the above, Customer's nominations are effective only to the extent that they are confirmed by Arcadia and the delivering and receiving parties, and reflect available measurement data. If Customer fails to nominate quantities as required herein for any Point of Delivery or Point of Receipt on any Day, then Customer will be deemed to have nominated zero quantities for such point for that Day.

7.2 *Customer's Balancing Obligations.* (i) For each Service Agreement, the maximum quantity of Gas that Arcadia is obligated to receive at the Point(s) of Receipt and deliver at the Point(s) of Delivery during any given hour of any Day is 1/24th of the Customer's scheduled volume, not to exceed the MDIQ or MDWQ, unless Customer's Service Agreement provides for Enhanced AOS. If Arcadia is unable to receive Gas at any Point of Receipt in the quantities nominated, or deliver Gas at any Point of Delivery in the quantities nominated, Arcadia will notify Customer as soon as practicable. Arcadia has no obligation to receive and deliver overdelivered or underdelivered quantities of Gas on an hourly or daily basis.

7.3 *Arcadia's Right to Balance.* Notwithstanding anything in this Statement of Operating Conditions to the contrary, Arcadia may, at any time and from time to time, with notice to Customer, restrict, interrupt, or reduce its receipts or deliveries of Gas at the Point(s) of Receipt or Point(s) of Delivery, and direct Customer to make adjustments in its receipts or deliveries, in order to maintain a daily and/or hourly balance or to correct an imbalance with respect to that Customer. If Customer fails or refuses to follow any such request from Arcadia, Arcadia may, without liability hereunder, cease accepting or delivering Gas under this Agreement until the conditions causing the imbalance are corrected.

7.4 Nothing in this Statement of Operating Conditions shall limit Arcadia's right to take action as may be required to adjust receipts and deliveries under any Service Agreement to alleviate operating conditions which threaten the operational integrity of its Facilities.

8. RATES.

8.1 *Service Fees.* Each Month Customer will, where applicable, pay Arcadia the fees per MMBtu for Gas received, stored, and/or delivered from or by Arcadia, as the case may be, from or to Customer, as the case may be, as set forth herein and in the Service Agreement or Confirmation(s) (“Service Fees”). Arcadia is entitled to add to such charges all taxes, duties or levies of a similar nature lawfully imposed on Arcadia by any competent authority with respect to the gas storage and wheeling services performed by Arcadia for Customer under the Service Agreement. Service Fees and other charges due under this Statement of Operating Conditions, the Service Agreement or its applicable Confirmation will be invoiced and payable under Section 6 of the General Terms and Conditions.

8.2 *Retention Volumes.* In addition to the Storage Fees and other charges payable under this Statement of Operating Conditions, the Service Agreement or its applicable Confirmation, Arcadia will retain for Fuel and loss, if any, the percentage designated in the Service Agreement or its applicable Confirmation of the quantity of Gas received by Arcadia at each Point of Receipt.

9. TERM.

9.1 The Service Agreement will be effective and service hereunder shall commence at 9:00 a.m. central clock time on the date listed in the Service Agreement on which Arcadia is able to render service to Customer from the Storage Facilities (herein the “Commencement Date”), and the Service Agreement will, subject to the terms and provisions of this Statement of Operating Conditions, remain in full force and effect for a primary term until 9:00 a.m. central clock time on the date listed in the Service Agreement as the “Completion Date.” Termination, cancellation, or expiration of the Service Agreement will not extinguish any obligation that accrued before the termination, cancellation, or expiration.

10. ADDRESSES.

10.1 *Addresses of Parties.* Except to the extent that oral notification is expressly permitted by this Statement of Operating Conditions, all notices, requests, demands, statements and payments provided for in this Statement of Operating Conditions must be given in writing at the addresses of the parties specified in the Service Agreement.

10.2 *Change of Address.* A party may change its address under the Service Agreement by giving 30 Days' prior written notice. Notices and payments will be effective when they are delivered at the appropriate address specified in the Service Agreement, during normal business hours on a business Day. Notices delivered after business hours or on a weekend or holiday will be effective on the next business Day. Operating communications by telephone or other mutually agreeable means must be confirmed in writing within two Days following the same.

11. MISCELLANEOUS.

11.1 *Assignment and Transfer.* This Statement of Operating Conditions and the Service Agreement are binding upon and will inure to the benefit of the parties and their respective successors and assigns. However, the Customer may not assign or transfer the Service Agreement, or any benefit or obligation arising under it, without first obtaining Arcadia's prior written consent, which consent will not be unreasonably withheld; provided, Customer may transfer its interests, rights and obligations under the Service Agreement without consent to (i) any parent, (ii) any credit worthy affiliate, (iii) any successor in interest to substantially all of the assigning party's assets, or (iv) any individual, bank, trustee, company, or corporation as security for any note, notes, bonds, or other obligations or securities of such assignor. Any purported transfer or assignment without required consent will be a breach of the Service Agreement. No assignment will release Customer or Arcadia from any liability hereunder or under the Service Agreement, arising either before or after the assignment.

11.2 If any provision of this Statement of Operating Conditions and the Services Agreement is declared null and void, or voidable, by a court of competent jurisdiction, or by a Federal or State regulatory agency having jurisdiction in the premises, then that provision will be considered severable at either Party's option; and if the severability option is exercised, the remaining provisions of the Agreement shall remain in full force and effect. If, however, such findings will have a material adverse effect on the rights and obligations of the Parties, including, but not limited to, the relative economic position of, and risks to, the Parties as reflected in the Statement of Operating Conditions or Service Agreement, then the Parties shall use reasonable efforts to agree upon replacement terms that are consistent with the relevant order or directive, and that maintain the relative economic position of, and risks to, the parties as reflected in the Statement of Operating Conditions and/or Service Agreement as of the date first set forth in the Service Agreement.

11.3 *Entirety.* This Statement of Operating Conditions and the Service Agreement constitute the entire agreement between the parties covering the subject matter hereof, and there are no agreements, modifications, conditions, or understandings, written or oral, express or implied, pertaining to the subject matter hereof that are not contained herein or therein.

11.4 This Statement of Operating Conditions, and the incorporated General Terms and Conditions, take precedence over conflicting language in any Service Agreement or amendments thereto, unless such language in the Service Agreement specifically states that it is an exception to this Statement of Operating Conditions, and then only to the extent of such stated exception. Otherwise, in the event that any term or provision in any Service Agreement is inconsistent with any term or provision in this Statement of Operating Conditions, this Statement of Operating Conditions shall control and the Service Agreement will be deemed modified accordingly.

11.5 *Modifications.* The Service Agreement may only be modified in writing, signed by duly authorized representatives of both parties.

11.6 *Headings.* The captions or headings preceding the various parts of this Statement of Operating Conditions are inserted and included solely for convenience and will never be considered or given any effect in construing this Statement of Operating Conditions, or in connection with the intent, duties, obligations, or liabilities of Arcadia and Customer.

11.7 *Third Parties.* Nothing contained in this Statement of Operating Conditions or the Service Agreement, either express or implied, confers any rights, remedies, or claims upon any person or entity not a party to the Service Agreement, other than the successors or permitted assigns of the parties.

11.8 LAW AND VENUE. THIS STATEMENT OF OPERATING CONDITIONS, THE SERVICE AGREEMENT, AND THE RIGHTS OF ARCADIA AND CUSTOMER HEREUNDER AND THEREUNDER MUST BE INTERPRETED AND ENFORCED IN ACCORDANCE WITH LAWS OF THE STATE OF TEXAS WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF TEXAS OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN STATE OF TEXAS. ARCADIA AND CUSTOMER AGREE TO THE JURISDICTION OF THE FEDERAL AND STATE COURTS IN HARRIS COUNTY, TEXAS, AND AGREE THAT ANY ACTION, SUIT OR PROCEEDING CONCERNING, RELATED TO OR ARISING OUT OF THIS STATEMENT OF OPERATING CONDITIONS OR THE SERVICE AGREEMENT WILL BE BROUGHT ONLY IN A FEDERAL OR STATE COURT IN HARRIS COUNTY, TEXAS, AND NEITHER ARCADIA NOR CUSTOMER MAY RAISE ANY DEFENSE OR OBJECTION OR FILE ANY MOTION BASED ON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE, INCONVENIENCE OF THE FORUM, OR THE LIKE IN ANY CASE FILED IN A FEDERAL OR STATE COURT IN HARRIS COUNTY, TEXAS.

11.9 WAIVER OF JURY TRIAL. ARCADIA AND CUSTOMER HEREBY WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY COURT AND IN ANY ACTION OR PROCEEDING OF ANY TYPE WHETHER ARISING UNDER CONTRACT, NEGLIGENT OR INTENTIONAL TORT, OR STATUTE, IN WHICH EITHER PARTY OR ANY OF THEIR AFFILIATES, SUCCESSORS OR ASSIGNS ARE PARTIES, AS TO ALL MATTERS AND THINGS ARISING DIRECTLY OR INDIRECTLY OUT OF

THIS STATEMENT OF OPERATING CONDITIONS, THE SERVICE AGREEMENT, CONFIRMATION, AND THE RIGHTS OF ARCADIA AND CUSTOMER HEREUNDER.

11.10 *LIMITATION ON DAMAGES.* EXCEPT FOR DAMAGES THAT ARISE OUT OF A BREACH OF THE WARRANTY CONTAINED IN SECTION 1.2, OR THE QUALITY PROVISIONS CONTAINED IN SECTION 5 OF EXHIBIT “A,” IN NO EVENT WILL ARCADIA OR CUSTOMER BE LIABLE TO THE OTHER FOR SPECIAL, INDIRECT, INCIDENTAL, CONTINGENT, PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES.

11.11 *Counterparts.* The Service Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which will constitute one and the same agreement.

11.12 *Exhibits.* The following exhibits are attached to this Statement of Operating Conditions and are incorporated by this reference:

- Exhibit A General Terms and Conditions
- Exhibit B Statement of Rates

**EXHIBIT “A”
TO
STATEMENT OF OPERATING CONDITIONS**

GENERAL TERMS AND CONDITIONS

These General Terms and Conditions (“General Terms”) are attached to and incorporated into Arcadia’s Statement of Operating Conditions. Unless otherwise stated herein, all capitalized terms herein shall have the meaning ascribed to them in the Statement of Operating Conditions.

1. Laws and Regulations

1.1 Arcadia’s storage services are subject to all present and future valid laws and lawful order of all regulatory authorities now or hereafter having jurisdiction over the services or facilities used to provide such services, including, without limitation, the provisions of Subpart C of Part 284 of Title 18 of the Code of Federal Regulations. The Service Agreement is expressly made subject to any and all tariff and other rate filings made by Arcadia and approved by any federal or state regulatory body as such may be amended from time to time. Arcadia will have the right to propose to the FERC or other governing regulatory body such changes in its rates and terms of service at any times as it deems necessary, and Customer’s Service Agreement will be deemed to include any changes that are made effective pursuant to order or regulation or provisions of law, without prejudice to Customer’s right to protest the same. Arcadia will notify each customer in advance of any such filing along with a copy thereof. If any regulatory body having jurisdiction over the Service Agreement prohibits Arcadia from collecting specific rates for the services provided under the Service Agreement or subjects its storage facilities to any greater or different regulation or jurisdiction, by order or otherwise, than that existing on the Commencement Date, then Arcadia may terminate the Service Agreement on the day before the effective date of such greater or different regulation or jurisdiction, anything herein to the contrary notwithstanding, and Arcadia will have no further liability to Customer or any other entity in connection with such termination.

1.2 Customer warrants that at all times during the term of the Service Agreement:

1.2.1 Title to and ownership of Customer's Gas shall at all times be and remain with Customer. Customer represents and warrants to Arcadia that Customer has full and unqualified title to all Gas delivered to Arcadia hereunder, that Customer has the authority to deliver such Gas to Arcadia, that such Gas is free from any and all liens, charges, adverse claims and encumbrances and that **CUSTOMER SHALL FULLY INDEMNIFY, DEFEND, PROTECT AND SAVE ARCADIA HARMLESS FROM AND AGAINST ANY AND ALL SUITS, ACTIONS (INCLUDING ANY INTERPLEADER OR DECLARATORY ACTION NECESSITATED BY ANY SUCH ADVERSE CLAIM), CLAIMS, DEMANDS, DAMAGES, COSTS (INCLUDING COURT COSTS AND REASONABLE ATTORNEYS' FEES), LOSSES AND EXPENSES ARISING FROM OR OUT OF ANY ADVERSE CLAIMS TO OR AGAINST SUCH GAS OR ANY INTEREST THEREIN OR IN THE VALUE THEREOF.**

1.2.2 The individuals executing this Agreement, and the agreements contemplated by this Agreement, have been duly authorized by the Customer and its respective corporate principals and that this Agreement and the other documents contemplated by this Agreement, shall be binding on Customer in accordance with the provisions of such documents.

1.2.3 The storage of Gas hereunder will comply with the applicable provisions of Part 284 of FERC's regulations.

1.2.4 Customer is eligible to receive Storage Services pursuant to NGPA Section 311(a)(2), as implemented by Part 284, Subpart C of the FERC's regulations.

1.2.5 Customer has arranged for the delivery and/or receipt by any necessary third party(ies) of the Gas to be stored hereunder.

CUSTOMER HEREBY INDEMNIFIES AND HOLDS HARMLESS ARCADIA FROM ALL SUITS, ACTIONS, LOSSES, EXPENSES (INCLUDING ATTORNEYS' FEES), AND REGULATORY PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH A BREACH OF THE REPRESENTATIONS AND WARRANTIES MADE BY CUSTOMER ABOVE.

2. Pressures at Receipt and Points of Delivery

2.1 Customer (or its designee) will deliver Gas to Arcadia at the Points of Receipt at pressures sufficient to enter Arcadia's storage system at such points; provided, however, that Customer's delivery pressure into Arcadia's system at the Points of Receipt may not exceed Arcadia's maximum allowable operating pressure, as such may vary from time to time, at any such point or cause the pressure at any such point to exceed Arcadia's maximum allowable operating pressure.

2.2 Arcadia will deliver Gas to Customer or Customer's designee at Arcadia's operating pressure at the Points of Delivery, as such may vary from time to time.

3. Measuring Equipment, Testing and Maintenance

3.1 The Gas delivered to Arcadia at the Points of Receipt, and delivered to Customer at the Points of Delivery, will be measured by measuring devices of standard type, which will be installed, operated, and maintained by Arcadia (or its designee). Measurement devices and equipment will be tested and adjusted for accuracy on a regular schedule by the party metering the Gas, or whose designee meters the Gas. For the purposes of these General Terms and Conditions, the party metering the Gas, or whose designee meters the Gas, at a particular Point of Receipt or Point of Delivery is referred to as the "Metering Party" and the other party is referred to as the "Non-Metering Party."

3.2 If adequate metering facilities are already in existence at the Receipt and Points of Delivery, such existing metering facilities will be used for so long as, in Arcadia's reasonable judgment, the facilities remain adequate. If the metering facilities at any Point of Receipt or Point of Delivery are reasonably determined by Arcadia to be inadequate, then the parties will mutually agree with respect to the equipment that must be added at such point(s) and the responsibility for payment of such equipment. If the parties are unable to agree upon the equipment to be added at any such point, or which party will be responsible to pay for such equipment, then such point will be removed from the Service Agreement.

3.3 The Non-Metering Party will have access to the Metering Party's measuring equipment at all reasonable times for the purposes of inspection or examination, but the maintenance, calibration, and adjustment of the equipment will be performed only by the employees or agents of the Metering Party. Records from all measuring equipment are the property of the Metering Party who will keep all such records on file for a period of not less than two years. Upon request, the Metering Party will make available to the Non-Metering Party during reasonable business hours volume records from the measuring equipment, together with calculations therefrom, for inspection and verification.

3.4 The Non-Metering Party may, at its option and expense, install and operate meters, instruments and equipment, in a manner that will not interfere with the Metering Party's equipment, to check the Metering Party's meters, instruments, and equipment, but the measurement of Gas for the purpose of this Agreement will be by the Metering Party's meter only, except as hereinafter specifically provided. The meters, check meters, instruments, and equipment installed by each party will be subject at all reasonable times to inspection or examination by the other party (Non-Metering Party), but the calibration and adjustment thereof will be done only by the installing party.

3.5 The Metering Party will give notice to the Non-Metering Party of the time of all tests of the Point of Delivery meter(s) sufficiently in advance of such tests so that the Non-Metering Party may conveniently have its representatives present; provided, however, that if the Metering Party has given such notice to the Non-Metering Party and the Non-Metering Party's representative is not present at the time specified, then the Metering Party may proceed with the test as though the Non-Metering Party's representative were present. The Metering Party will give notice to the Non-Metering Party's Point of Receipt designee (who is physically responsible for the delivery of Gas at the point) of the time of all tests of the Point of Receipt meter(s) sufficiently in advance of such tests so that the Non-Metering Party's designee may conveniently be present; provided, however, that if the Metering Party has given such notice to the Non-Metering Party's designee and the Non-Metering Party's designee is not present at the time specified, then the Metering Party may proceed with the test as though the Non-Metering Party's designee were present.

3.6 Meter measurements computed by the Metering Party will be deemed to be correct except where the meter is found to be inaccurate by more than 1%, or to have failed to register. In any event the Metering Party will repair, adjust or replace the meter such that it reads accurately. The quantity of Gas delivered while the meter was inaccurate or failed to register will be determined by the readings of the Non-Metering Party's check meter, if installed and in

good operating condition, or by correcting the error if the percentage of error is ascertainable by calibration or mathematical calculation. If not so ascertainable, then it will be determined by estimating the quantity on a basis of deliveries under similar conditions when the meter was registering accurately. Such adjustments or corrections will be made only for the last ½ of the period that has elapsed since the previous test, not to exceed 90 days. If Customer reasonably believes that the meter measurements at the Points of Delivery are in error by more than 1%, then Arcadia, upon request by Customer, will perform an additional test of such meters, but not more frequently than once each Month. If such test shows that the designated meter measurements are in error by more than 1%, the additional test will be conducted at Arcadia's sole cost and expense. If the error shown by the additional test is less than 1%, Customer shall pay all costs and expenses of such additional tests.

3.7 Arcadia, acting as reasonable and prudent operator, may restrict operations annually for necessary maintenance. Arcadia shall specify and provide notice to Customer, consistent with the terms of the Statement of Operating Conditions, of a maintenance schedule before 1 December of the preceding year. At least forty-eight (48) hours in advance of each hour throughout any period of maintenance, Arcadia will declare each hour to be a flow hour or a no-flow hour. Nomination procedures will remain in place throughout this period with the exception that during a no-flow hour no physical withdrawal can take place and only matching (equal injection and withdrawal nominations) will be accepted, unless otherwise advised by Arcadia.

3.8 Arcadia will have the right to operate the Storage Facilities and any part thereof free from any control by Customer in such a manner as Arcadia, in its sole discretion and acting as a reasonable and prudent operator, may deem advisable, including, without limitation, the right to determine when, where or whether to repair and maintain the Storage Facilities or its composite parts or to drill new wells.

3.9 In the event of urgently necessary maintenance or repair, Arcadia is entitled to restrict the use of or to shut down the facilities concerned and to do the necessary maintenance or repair. In determining timing and duration of the period of restricted use or shutdown, Arcadia will act as a reasonable and prudent operator.

4. Measurement. The measurement of gas at the Point(s) of Receipt and Point(s) of Delivery shall be in accordance with the following provisions:

4.1 The metering facilities to measure the volumes of Gas delivered at each of the Point(s) of Receipt and Point(s) of Delivery shall be maintained and operated by Arcadia or its designee. The Btu content of the Gas shall be determined by the facilities at the Point(s) of Receipt and Point(s) of Delivery. Such facilities and measurement data with respect to the Gas covered hereby shall at all reasonable times be subject to joint inspection by the Parties hereto.

4.2 The unit of volume of Gas shall be one (1) standard cubic foot at an absolute pressure of fourteen and sixty-five hundredths pounds per square inch absolute (14.65 Psia) and at a temperature of sixty degrees Fahrenheit (60°F).

4.3 Atmospheric pressure shall be assumed to be the pressure value as determined by Arcadia for the Parish in which each of the Point(s) of Receipt and Point(s) of Delivery is located pursuant to generally accepted industry practices, but not less than twelve and nine-tenths (12.9) Psia nor more than fourteen and seven-tenths (14.7) Psia irrespective of the actual atmospheric pressure at such points from time to time.

4.4 All meter volumes shall be computed in accordance with the American Gas Association (AGA) Measurement Committee Report No. 3 and the American National Standards Institute / American Petroleum Institute (ANSI/API) 2530-1985 or the latest edition as agreed to by all Parties (herein referred to as AGA 3). All meter volumes shall be corrected for deviations from the ideal Gas laws (supercompressibility) in accordance with AGA's Transmission Measurement Committee Report No. 8, dated November 1992, or the latest edition. The actual method employed will be mutually agreed by all Parties.

4.5 The Gross Heating Value of the Gas shall be determined pursuant to the method established between Arcadia and an upstream or downstream operator at any Receipt or Delivery Point(s).

4.6 All Parties shall have the right to conduct such pulsation tests as they deem prudent, at their sole risk and expense. If excessive pulsation is evident, mutually agreed modifications to operation or facility design will be made to reduce the effect of such pulsation. If pulsation issues cannot be resolved in a mutually agreeable manner, either Party shall have the right to refuse delivery or receipt of Gas at the facility.

4.7 All meters shall be offered to all Parties for inspection prior to installation and at those times when cleaning is performed. All meter tubes shall conform to the restrictions established between Arcadia and an upstream or downstream operator at any Receipt or Delivery Point(s).

4.8 Electronic flow measurement will be used and the differential and pressure determining instruments shall have a stated accuracy consistent with the method established between Arcadia and an upstream or downstream operator at any Receipt or Delivery Point(s).

4.9 Calibration standards shall comply with the standards established between Arcadia and an upstream or downstream operator at any Receipt or Delivery Point(s).

5. Quality

5.1 Customer agrees that all Gas delivered to Arcadia at the Point(s) of Receipt hereunder shall comply with the quality standards established between Arcadia and an upstream operator at any Receipt Point(s), which standards at a minimum require that Gas shall:

5.1.1 Have a Gross Heating Value of not less than nine hundred fifty (950) British Thermal Units per cubic foot nor more than one thousand and fifty (1050) British Thermal Units per cubic foot.

5.1.2 Be commercially free of dust, gum, gum-forming constituents, gasoline, liquid hydrocarbons, water, and any other substance of any kind that may become separated from the Gas during the handling thereof or that may cause injury to or interference with proper operation of the cavern, lines, meters, regulators, or other appliances through which it flows or is stored;

5.1.3 Not contain more than five (5) grains of total sulfur nor more than one-fourth (1/4) grain of hydrogen sulfide per one hundred (100) standard cubic feet;

5.1.4 Not contain any oxygen, and shall not contain more than two percent (2%) by volume of carbon dioxide, not contain more than two percent (2%) by volume of nitrogen nor three percent (3%) by volume of total inert gases;

5.1.5 Have a temperature of not more than one hundred twenty degrees Fahrenheit (120°F) nor less than forty degrees Fahrenheit (40°F); and

5.1.6 Not contain more than seven (7) pounds of water vapor per one million (1,000,000) standard cubic feet.

5.1.7 Have a hydrocarbon dewpoint below 40 degrees Fahrenheit.

5.2 In the event that the Gas being received does not conform to the standards outlined above, Arcadia reserves the right to restrict or refuse any volumes that are non-conforming or deficient.

5.3 Customer shall be responsible for odorizing any part of the Gas delivered hereunder at the Point(s) of Delivery which is diverted and/or used for any purpose for which odorization is required pursuant to regulations of the Louisiana Office of Conservation.

5.4 Notwithstanding the foregoing, Arcadia expressly reserves the right, at any time in the future, upon at least 60 Days' prior written notice to Customer, to institute new, quality specifications or revise from time to time the quality specifications set forth above. Upon such modification of any such quality specifications by Arcadia, Customer will have the right to terminate the Service Agreement on the effective date of the modification by giving 30 Days

prior written notice to Arcadia. If accepted by Customer, upon the effective date, such new quality specifications will supersede and replace the quality specifications set forth above.

6. Billing, Accounting, and Reports

6.1 Each month Arcadia will render a statement and invoice to Customer setting forth:

- (i) Any applicable reservation charges; and
- (ii) The total volume and quantity of gas, in MMBtus, received at the Point(s) of Receipt, wheeled for Customer's account, stored for Customer's account, and delivered hereunder at the Point(s) of Delivery, and the applicable charges for such services as set forth in the Customer's Service Agreement for the preceding month.

In the event the quantities in subpart (ii) are estimated for any period, corrected statements shall be rendered by Arcadia to Customer and paid by Customer or credited by Arcadia to Customer's account, as appropriate.

6.2 Upon the later of (i) ten (10) days following Customer's receipt of Arcadia's statement pursuant to 6.1, or (ii) the 25th day of the following month, Customer shall pay Arcadia by wire transfer (identifying the invoice number) pursuant to the instructions contained in such invoice the full undisputed amount set forth therein. In the event of any dispute regarding any portion of Arcadia's statement and invoice, Customer shall nonetheless pay such portion of such invoice as it believes in good faith to be correct, and Customer's payment shall identify with particularity the disputed amount as well an explanation of the basis for Customer's dispute. The parties shall work to resolve any such dispute as expeditiously as possible. However, any disputed payment ultimately determined to be due shall be considered a late payment pursuant to the terms of Section 6.4.

6.3 If a *bona fide* dispute arises as to the amount payable in any statement rendered, Customer will nevertheless pay the undisputed portion of such amount to Arcadia under the statement rendered pending resolution of the dispute. No payment will be deemed to be a waiver of the right by Customer to recoup any overpayment.

6.4 In addition to all other remedies available to Arcadia, should Customer fail to pay any amount when the same becomes due, Customer shall pay interest on outstanding balances accruing thereon at a rate equal to the prime rate from time to time in effect and charged by the Citibank, N.A., New York, New York, plus two percent (2%) per annum, (but in no event greater than the maximum rate of interest permitted by law) with adjustments in such rate to be made on the same Day as any change in such prime rate, for any period during which the same shall be overdue, such interest to be paid when the amount past due is paid. Each Party hereto or its representative shall have the right at all reasonable times to examine the books and records of the other Party to the extent necessary to verify the accuracy of any statement, charge, computation

or demand made under or pursuant to this Agreement. Any statement shall be final as to all Parties unless questioned within two (2) years after payment thereof has been made.

7. Responsibility

Customer shall be deemed to be in control and possession of the Gas prior to the receipt of the Gas by Arcadia at the Point of Receipt and after the redelivery of the Gas by Arcadia to Customer at the Point of Delivery. Arcadia shall be deemed to be in control and possession of the Gas after its receipt by Arcadia at the Point of Receipt and prior to its delivery to Customer or for Customer's account at the Point of Delivery. **THE PARTY IN CONTROL AND POSSESSION OF THE GAS WILL BE RESPONSIBLE FOR AND SHALL INDEMNIFY AND HOLD THE OTHER PARTY HARMLESS WITH RESPECT TO ANY LOSSES, INJURIES, CLAIMS, LIABILITIES OR DAMAGES CAUSED THEREBY OR THERETO OR ON ACCOUNT OF ROYALTIES, TAXES, PAYMENTS, OR OTHER CHARGES APPLICABLE AND OCCURRING WHILE THE GAS IS IN ITS POSSESSION. EACH PARTY HERETO COVENANTS THAT WITH RESPECT TO THE GAS DELIVERED OR REDELIVERED BY IT HEREUNDER, IT WILL INDEMNIFY AND SAVE THE OTHER PARTY HARMLESS FROM AND AGAINST ANY AND ALL SUITS, ACTIONS, CAUSES OF ACTION, CLAIMS AND DEMANDS ARISING FROM OR OUT OF ANY ADVERSE CLAIMS BY THIRD PARTIES CLAIMING OWNERSHIP OF OR AN INTEREST IN THE GAS SO DELIVERED OR REDELIVERED. NOTWITHSTANDING THE FOREGOING, NEITHER PARTY SHALL BE INDEMNIFIED FOR ITS OWN NEGLIGENCE, AND THE PARTIES ACKNOWLEDGE AND AGREE THAT CUSTOMER SHALL AT ALL TIMES HAVE TITLE TO ALL GAS STORED HEREUNDER.** Subject to the other terms and conditions of this Statement of Operating Conditions and the Service Agreement, each party has the right to treat, process and/or dehydrate the Gas prior to delivering said Gas to the other party.

8. Force Majeure

8.1 If either Party is rendered unable, wholly or in part, by *Force Majeure* (defined below) or other causes herein specified, to carry out its obligations under the Service Agreement other than the obligation to make payment of amounts due hereunder, it is agreed that on such Party's giving notice and reasonably full particulars of such *Force Majeure* in writing or facsimile or by email to the other party within a reasonable time after the occurrence of the cause relied on, then the obligations of the Party giving such notice, so far as they are affected by such *Force Majeure* or other causes herein specified, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall so far as possible be remedied with all reasonable dispatch.

8.2 The term *Force Majeure* as employed herein means acts of God; strikes, lockouts or other industrial disturbances; acts of the public enemy; wars; blockades; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; hurricanes; floods; washouts; arrests and restraints of the government, either federal or state, civil or military; civil disturbances; explosions; breakage; breakdown or accident to machinery, equipment or lines of pipe; the necessity of altering, maintaining, inspecting, replacing, changing the size of, substituting or

removing pipelines or appurtenant facilities; and any other causes, whether of the kind herein enumerated or otherwise, not reasonably within the control of the Party claiming suspension, and which by the exercise of due diligence such Party is unable, wholly or in part, to prevent or overcome. Such term likewise includes (1) in those instances where either Party hereto is required to obtain servitudes, right-of-way grants, permits or licenses to enable such Party to fulfill its obligations hereunder, the inability of such Party to acquire, or the delays on the part of such Party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, right-of-way grants or licenses, and (2) in those instances where either Party hereto is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure permits or permission from any governmental agency (federal, state or municipal, civil or military) to enable such Party to fulfill its obligations hereunder, the inability of such Party to acquire or the delays on the part of such Party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty and that the above requirement that any *Force Majeure* shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing Party when such course is inadvisable in the discretion of the Party having the difficulty.

8.3 *Force Majeure* does not include: mechanical failure or breakdown of electric generation plants, changes in market conditions or changes in demand for electricity at electric generation plants such as increases or decreases in electric generation that are required by any Louisiana governing state agency, or any other agency or body having such authority, or failure of upstream transportation prior to delivery hereunder at the Point(s) of Receipt. Neither Party shall be entitled to the benefit of the provision of *Force Majeure* to the extent the Party claiming excuse failed to remedy the condition and to resume the performance of its covenants or obligations with reasonable dispatch. However, neither party shall be required to incur any unreasonable economic penalty, cost or expense to remedy or cure an event of *Force Majeure*.

8.4 Arcadia may partially or entirely interrupt its performance for a reasonable amount of time hereunder for the purpose of making necessary or desirable inspections, alterations and repairs which are described as a maintenance event, but only for such time as may be reasonable and unavoidable; and the Party requiring such relief shall give to the other Party five (5) Days notice of its intention to suspend its performance hereunder, except in cases of emergency where such notice is impracticable and shall endeavor to arrange such interruption so as to inconvenience the other Party as little as possible. Should a *Force Majeure* or maintenance event occur the volumes to be delivered and / or received at the Point(s) of Receipt and Point(s) of Delivery by Arcadia must be balanced with the hourly and daily nominated quantities.

8.5 Provided that a Party has given the notices required by this Section, the Party providing notice of *force majeure* may need reasonable accommodation from the non-impacted Party(s) to minimize the effect of a *force majeure* event on overall system operations, for example, reasonable changes in receipts or deliveries necessary to maintain system operations or to enable a Party to provide the service set forth in this Statement of Operating Conditions at reduced capacity. When reasonable accommodation is requested, the requesting Party will identify (a) the operational problem to be addressed, (b) the action(s) requested of the non-

impacted Party(s), (c) the time by which the non-impacted Party(s) is requested to take the specified action(s), and (d) the period during which the accommodation request will be in effect. The Party requesting reasonable accommodation to an event of *force majeure* will provide as much advance notice to the non-impacted Party(s) as is operationally feasible. The non-impacted Party(s) agrees to cooperate in good faith with the Party providing notice of *force majeure* so that the impact of such event may be reasonably minimized.

9. Waiver of Breaches, Defaults or Rights

No waiver by either party of any one or more breaches, defaults, or rights under any provisions of the Statement of Operating Conditions or the Service Agreement will operate or be construed as a waiver of any other breaches, defaults, or rights, whether of a like or of a different character. By providing written notice to the other party, either party may assert any right not previously asserted hereunder or there under or may assert its right to object to a default not previously protested. Variances from the terms of the Statement of Operating Conditions or Service Agreement shall not be considered to amend or alter the construction or interpretation of the Service Agreement. Except as specifically provided herein or in the Service Agreement, in the event of any dispute under this Statement of Operating Conditions or the Service Agreement, the parties will, notwithstanding the pendency of such dispute, diligently proceed with the performance of the Service Agreement without prejudice to the rights of either party.

10. Remedy for Breach

Except as otherwise specifically provided herein, if either party fails to perform any of the covenants or obligations imposed upon it in this Statement of Operating Conditions or the Service Agreement (except where such failure is excused under the *force majeure* or other provisions hereof or thereof), then the other party may, at its option (without waiving any other remedy for breach hereof), by notice in writing specifying the default that has occurred, indicate such party's election to terminate the Service Agreement by reason thereof; provided, however, that Customer's failure to pay Arcadia within a period of ten Days following Customer's receipt of written notice from Arcadia advising of such failure to make payment in full within the time specified previously herein, will be a default that gives Arcadia the right to immediately terminate the Service Agreement, unless such failure to pay such amounts is the result of a *bona fide* dispute between the parties regarding such amounts and Customer timely pays all amounts not in dispute. With respect to any other matters, the party in default will have 30 Days from receipt of such notice to remedy such default, and upon failure to do so, the Service Agreement will terminate from and after the expiration of such 30-Day period. Such termination will be an additional remedy and will not prejudice the right of the party not in default: (i) to collect any amounts due it for any damage or loss suffered by it, and (ii) will not waive any other remedy to which the party not in default may be entitled for breach of this Statement of Operating Conditions or the Service Agreement.

*** END OF GENERAL TERMS AND CONDITIONS ***

**EXHIBIT “B”
TO
STATEMENT OF OPERATING CONDITIONS**

STATEMENT OF RATES

Arcadia provides natural gas storage services pursuant to Section 311 of the Natural Gas Policy Act, which are subject to the following rates as approved by the Federal Energy Regulatory Commission:

Firm Storage Services:	Market-based rates
Interruptible Storage Services:	Market-based rates
Interruptible Parking Services:	Market-based rates
Firm Wheeling Services:	Market-based rates
Interruptible Wheeling Services:	Market-based rates
Interruptible Loaning Services:	Market-based rates
Interruptible Imbalance Trading Services:	Market-based rates
Interruptible Balancing Services:	Market-based rates