

OPERATIONAL BALANCING AGREEMENT
between

and

THIS AGREEMENT ("OBA" or "Agreement") made and entered into by and between _____ ("_____"), a _____ with offices at _____ and _____ ("_____"), a _____ with offices at _____ (collectively the "Parties" or individually as "Party"), this _____ day of _____, _____.

WITNESSETH

WHEREAS, the facilities operated or to be operated by _____ and _____ at a location(s) specified in the Exhibit 1 attached hereto and incorporated herein by this reference (hereinafter referred to as "Location," whether one or more); and

WHEREAS, _____ and/or _____ (at times hereinafter referred to as the "Parties" or individually as a "Party") have entered into one or more agreements with third party Service Requesters (hereinafter referred to as "Service Requester(s)") for the transportation of gas to or from the Location on their respective systems (said agreements hereinafter referred to as "Service Requester Agreements"); and

WHEREAS, from time to time, the quantities of gas confirmed and scheduled by the parties to be delivered to or received from the Location (said quantities hereinafter referred to as the "Scheduled Quantities") may be greater or lesser than the quantities of gas which are actually delivered at the Location, resulting in over-or under-deliveries relative to Scheduled Quantities; and

WHEREAS, the Parties desire to implement an operational balancing agreement in order to facilitate more efficient operations, accounting, and systems management at the Location and on the Parties' respective systems.

[Additional WHEREAS clauses as necessary]

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the Parties agree as follows:

1. Prior to the date and time of flow at each Location, the Parties shall confirm and schedule nominations which will be delivered or received at each Location. Such _____¹ between the Parties shall be made _____,² unless otherwise mutually agreed to by the Parties.

2. The Parties intend that the quantity of gas actually delivered and received each day at each Location will equal the Scheduled Quantities for that location. Each Party will allocate quantities which have been delivered and received at each Location among the Service Requester Agreements on its system pursuant to the Scheduled Quantities at such locations. Any imbalance created, when the actual physical flow is different than the Scheduled Quantities, will be the "Operational Imbalance," which will be the responsibility of the Parties to eliminate pursuant to this Agreement. [Parties may establish a maximum Operational Imbalance and procedures for immediate or accelerated resolution if such maximum is reached.]
3. Estimated operating quantities flowing at each Location shall be used _____³ during any current period to determine the estimated Operational Imbalance at such Location, with physical flow adjustments to be made during that current period as mutually agreed to by both Parties to attempt to maintain or achieve an Operational Imbalance of zero at such point; provided, however, _____⁴.
4.
 - a. The actual measured quantity of gas at the Location each month shall be determined and communicated by the measuring party ("Measuring Party") by facsimile, electronic interface system or in writing to the other Party in accordance with GISB Standard 2.3.7. The actual measured quantity shall be determined pursuant to the applicable provisions of the Measuring Party's Tariff or applicable measurement procedures. Operational Imbalances shall be calculated initially by Measuring Party and shall be agreed to _____⁵ by the Parties prior to the _____ day of such period.
 - b. Operational imbalances shall be resolved as follows: _____⁶.
5. In the event that a capacity constraint occurs on either Party's system which results in curtailment of quantities through a Location, _____⁷.
6. This Agreement is entered into in order to facilitate operations and accounting between the Parties, and shall have no effect upon the Service Requester Agreements or upon the effectiveness of any Party's Gas Tariff or General Terms and Conditions.⁸
7. [Establish a procedure by which locations are added to or deleted from this Agreement or Exhibit 1.]

8. Notwithstanding the termination of this Agreement, the Parties agree to reconcile and eliminate any remaining Operational Imbalance pursuant to the terms and conditions of this Agreement within _____ of termination of this Agreement or such other period of time which is mutually agreed to by the Parties.
9. This Agreement and the terms and conditions herein are subject to all present and future valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.
10. In the event a conflict exists or arises between this Agreement and Parties' Gas Tariff or General Terms and Conditions, as amended from time to time, it is agreed and understood that the latter shall control.
11. This Agreement is for accounting and system management purposes only, and is entered into by the Parties with the understanding that the balancing activities provided for hereunder will not subject any non-jurisdictional entity to regulation by the Federal Energy Regulatory Commission as a "natural gas company" under the provisions of the Natural Gas Act. If, at any time, it should be determined that such balancing activities do result in such regulation, then this Agreement shall immediately terminate, and any remaining Operational Imbalance shall be resolved by the Parties within _____ after termination of this Agreement.
12. Any entity which shall succeed by purchase, merger or consolidation to the properties, substantially as an entity, of either Party, shall be subject to the obligations of its predecessor to this Agreement. No other assignment of this Agreement or of any of the rights or obligations hereunder shall be made.
13. AS TO ALL MATTERS OF CONSTRUCTION AND INTERPRETATION, THIS AGREEMENT SHALL BE INTERPRETED IN ACCORDANCE WITH THE LAWS OF _____.
14. Any notice, request, or statement provided pursuant to this Agreement shall be in writing and shall be considered as having been given, if delivered personally, when delivered, or, if either electronically communicated, mailed, postage prepaid, sent by express mail, or overnight delivery, or if telecopied to the other Party, then, when sent, to the following:

Changes to the above addresses shall be effectuated by a Party notifying the other Party in writing of the modification.

15. A waiver by either Party of any one or more defaults by the other Party hereunder shall not operate as a waiver of any future default or defaults, whether of like or different character.
16. [Additional provisions as necessary.]⁹
17. The Effective Date of this Agreement shall be _____, _____.
18. The primary term of this agreement shall be from the Effective Date until _____ and month to month thereafter unless cancelled upon _____ written notice or by other provisions herein.

IN WITNESS WHEREOF, the Parties hereto have executed duplicate originals of this Agreement on the date set forth hereinabove.

Company Name:

By:

Printed Name:

Title:

Date:

Company Name:

_____®

By:

Printed Name:

Title:

Date:

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INSTRUCTION SHEET

1. For paragraph 1, the first insert: Possible inserts include but are not limited to, for example: "reconciliation and confirmation," "discussion," or "verification."
2. For paragraph 1, the second insert: Possible inserts include but are not limited to, for example "verbally," "verbally with subsequent confirmation in writing," "in writing" or "electronically."
3. For paragraph 3, the first insert: Possible inserts include but are not limited to, for example: "on a daily basis" or it may be left blank.
4. For paragraph 3, the second insert: Possible inserts include but are not limited to, for example: whatever the parties agree upon for rescheduling during the period.
5. For paragraph 4a, the insert: Possible inserts include but are not limited to, for example "verbally," "verbally with subsequent confirmation in writing," "in writing" or "electronically."
6. For paragraph 4b, the first insert: Possible inserts include but are not limited to, for example: procedures for in-kind balancing, procedures for cash out, procedures for a combination of the two, some other mutually agreed procedure, or as provided by regulatory or contractual provisions.
7. For paragraph 5, the insert: Possible inserts include but are not limited to, for example "the Party on whose system the constraint has occurred shall determine the confirmation of quantities to the Service Requester(s) under the affected Service Requester Agreements. Such change in Scheduled Quantities shall be confirmed _____ [see Instruction 2] as required by Paragraph 1 above. If the constraint occurs at the Location, the operator of the Location shall determine the confirmation of quantities to the Service Requester(s) under the affected Service Requester Agreements, unless otherwise mutually agreed."
8. For paragraph 6, this paragraph may be deleted if the Agreement is contained within the Party's Gas Tariff or General Terms and Conditions.
9. For paragraph 16, optional merger language may be added such as: "This Agreement and the Exhibit(s) constitute the complete agreement of the parties relating to the matters specified in this Agreement and supersede all prior representations or agreements, whether oral or written, with respect to such matters."
10. For Exhibit 1, the column entitled "Party Name" should include entries for each interconnected party, for example: "party 1" and "party 2."