



August 29, 2014

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
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Washington, DC 20426

North Baja Pipeline, LLC
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Re: North Baja Pipeline, LLC
Change in FERC Gas Tariff
Docket No. RP14-_____ - _____

Dear Ms. Bose:

Pursuant to Section 154 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") regulations,¹ North Baja Pipeline, LLC ("North Baja") hereby submits for filing revised tariff sections, included as Appendix A, to be part of its FERC Gas Tariff, First Revised Volume No. 1 ("Tariff").² As explained in greater detail below, North Baja is proposing revisions to its Tariff as part of a conversion to its new interactive customer activities system, TC PLUS. North Baja requests that the Commission accept these tariff revisions to become effective October 1, 2014.

¹ 18 C.F.R. Part 154 (2014).

² a) 5.2.2 – Rate Schedule ITS-1, Applicability and Character of Service ("Section 5.2.2"); b) 5.2.3 – Rate Schedule ITS-1, Rates ("Section 5.2.3"); c) 5.2.4 – Rate Schedule ITS-1, Reserved for Future Use ("Section 5.2.4"); d) 5.3.2 – Rate Schedule PAL-1, Applicability and Character of Service ("Section 5.3.2"); e) 5.3.4 – Rate Schedule PAL-1, Operational Requirements of NBP ("Section 5.3.4"); f) 6.11 – GT&C, Qualifying for Service ("Section 6.11"); g) 6.19.1 – GT&C, Eligibility to Release ("Section 6.19.1"); h) 6.19.2 – GT&C, Types of Release ("Section 6.19.2"); i) 6.19.3 – GT&C, Notice Requirements ("Section 6.19.3"); j) 6.19.5 – GT&C, Posting of a Parcel ("Section 6.19.5"); k) 6.19.6 – GT&C, Bidding for a Parcel ("Section 6.19.6"); l) 6.19.7 – GT&C, Allocation of Parcels ("Section 6.19.7"); m) 7.1 – Service Agmts, Rate Schedule FTS-1 ("Section 7.1"); n) 7.2 – Service Agmts, Rate Schedule FTS-1 (LAT-1) ("Section 7.2"); o) 7.3 – Service Agmts, Rate Schedule ITS-1 ("Section 7.3"); p) 7.3.1 – Service Agmts, Reserved for Future Use ("Section 7.3.1"); q) 7.4 – Service Agmts, Rate Schedule ITS-1 (LAT-1) ("Section 7.4"); r) 7.4.1 – Service Agmts, Reserved for Future Use ("Section 7.4.1"); s) 7.5 – Service Agmts, Rate Schedule PAL-1 ("Section 7.5"); t) 7.5.1 – Service Agmts, Reserved for Future Use ("Section 7.5.1").

Correspondence

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Statement of the Nature, Reasons, and Basis for Filing

The purpose of this filing is to update North Baja's Tariff to reflect the conversion from the current interactive customer activities system, Pacific Express, to the new system, TC PLUS. North Baja's TC PLUS system will provide a more efficient and automated transportation service agreement process, where a shipper will now be able to *electronically* submit a request for service and view its status; receive notifications regarding the new contract; and electronically execute, view and/or print the actual contract. North Baja plans to place the TC PLUS system into service on October 1, 2014.

As part of the TC PLUS system implementation, North Baja is proposing related modifications to its Tariff to become effective October 1, 2014. The proposed tariff changes are reflective of the automated contracting process of the TC PLUS system and are largely administrative in nature. Such changes include removal of the maximum daily quantity ("MDQ") and receipt/delivery points from North Baja's interruptible ("ITS") and park and loan ("PAL") transportation service rate schedules ("Rate Schedules"); similar conforming revisions to the ITS and PAL *pro forma* service agreements ("PFSA"), as well as related updates to certain provisions within the General Terms and Conditions of Service ("GT&C") of North Baja's Tariff. Additionally, North Baja is proposing other minor modifications as well as housekeeping changes as part of the instant filing. The proposed changes are more fully described below.

Modifications to Rate Schedules and PFSAs

North Baja is proposing to modify its ITS and PAL Rate Schedules and PFSAs as a result of the TC PLUS system implementation. Most significantly, this includes the removal of specifically stated MDQs and receipt/delivery points from the ITS and PAL Rate Schedules and related PFSAs. As North Baja has historically structured its ITS and PAL service agreements (“Agreements”) to be inclusive of all receipt and delivery points, the removal of specifically stated receipt/delivery points will have virtually no impact to its shippers.³ Furthermore, the removal of specifically stated MDQs provides North Baja’s shippers added flexibility in the utilization of both ITS and PAL Agreements. As revised, the ITS and PAL Rate Schedules and PFSAs are consistent with those approved by the Commission in other FERC gas tariffs.⁴ In addition to the MDQ and point modifications, North Baja is proposing certain clarifications and minor housekeeping changes, as described below.

Rate Schedule Updates:

- Section 5.2.2 (Rate Schedule ITS-1, Applicability and Character of Service) – references to the service agreement MDQ are removed, consistent with North Baja’s proposal that the ITS Rate Schedule and PFSA will no longer require a stated MDQ.
- Section 5.2.3 (Rate Schedule ITS-1, Rates) – with the removal of a stated MDQ from the ITS Rate Schedule, an overrun charge is no longer applicable to ITS service and thus eliminated.
- Section 5.2.4 (Rate Schedule ITS-1, Authorized Overruns) – eliminated in its entirety, and marked as Reserved for Future Use.
- Section 5.3.2 (Rate Schedule PAL-1, Applicability and Character of Service) – clarified to state that the transportation to or from designated Point(s) of Service occurs under the Transportation Agreement, and not under the PAL rate schedule.

³ 18 C.F.R. 284.9(b) requires that IT shippers be provided non-discriminatory access to all posted, generally available capacity. In *Order No. 636*, 59 FERC ¶ 61,030 at p. 30,429 (1992), the Commission required all delivery points be provided on an interruptible basis.

⁴ See *ANR Pipeline Company*, FERC Gas Tariff, Third Revised Volume 1, 5.8 - Rate Schedules, Rate Schedule ITS; *Ruby Pipeline L.L.C.*, FERC Gas Tariff, Original Volume 1, Section 2 – Rate Schedule IT; and *Gulf South Pipeline LP*, FERC NGA Gas Tariff, Seventh Revised Volume 1, Section 5.3 – Rate Schedules – ITS.

- Section 5.3.4 (Rate Schedule PAL-1, Operational Requirements of NBP) – “electronic communication” is made lowercase, consistent with its use throughout North Baja’s Tariff.

PFSA Updates:

- Sections 7.1 (Rate Schedule FTS-1) and 7.2 [Rate Schedule FTS-1 (LAT-1)] – Article III (Term) has been retitled and modified to more clearly differentiate the Agreement’s transportation service commencement date from the Agreement’s execution date as set forth in the Preamble.
- Sections 7.3 (Rate Schedule ITS-1), 7.4 [Rate Schedule ITS-1 (LAT-1)], and 7.5 (Rate Schedule PAL-1) – all language referencing specific receipt/delivery points or MDQs has been eliminated from the Preamble, Article II (Term) and (*renumbered*) Article IV (Miscellaneous). Consequently, Article II (Quantity of Gas and Points of Receipt and Delivery) has been eliminated in its entirety, with a remaining service provision (paragraph one) appropriately relocated to (*renumbered*) Article III (General Terms and Conditions of Service). (*Renumbered*) Article II (Term) is modified to more clearly differentiate the Agreement’s transportation service commencement date from the Agreement’s execution date. Article II is further modified to replace the termination date and optional unilateral/bilateral evergreen provision with a fixed, bilateral evergreen provision.
- Sections 7.3.1, 7.4.1, and 7.5.1 – Exhibit A, previously used to set forth the Agreement’s specific MDQ and receipt/delivery points, is eliminated and marked as reserved for future use.

Modifications to North Baja’s GT&C

In conjunction with the revisions proposed for the implementation of North Baja’s TC PLUS system, North Baja is proposing related updates to the request for service and capacity release provisions included in the General Terms and Conditions of Service (“GT&C”) of its Tariff located in Sections 6.11 and 6.19, respectively. Additionally, North Baja is proposing, as part of the instant filing, the addition and modification of certain other provisions within the GT&C, as described below:

- Section 6.11 (Qualifying for Service) – paragraph (1) is revised to reflect that a request for service will be handled electronically via North Baja’s website. Additionally, North Baja is proposing to add paragraph (3), which requires that a service agreement be executed by shipper within fifteen (15) days after notification that the Agreement is ready for execution. A timeline of fifteen (15) days is consistent with similar provisions previously approved by the Commission.⁵
- Section 6.19.1 (Eligibility to Release) – the language is revised to more broadly provide that North Baja’s capacity release notifications shall occur “in writing.”
- Section 6.19.2 (Types of Release) – paragraph (3), which states that a permanent release of a maximum rate contract with a term less than 365 days does not require bidding, is eliminated as it is inconsistent with the Commission’s regulations. The regulations, which state that bidding is not required for a maximum rate release of more than one year or a release for a period of 31 days or less,⁶ are correctly provided within current Section 6.19.2, Prearranged Release – Bidding Not Required, paragraphs (1) and (2).
- Section 6.19.3 (Notice Requirements) –paragraph (a) is revised to reflect updated shipper information including the need for an email address, but no longer the need for address, title, or fax number. Within paragraph (h), a reference to bid evaluation option 4 is added, consistent with the revision proposed in Section 6.19.7, as more fully discussed below. Finally, North Baja proposes to simplify its tie-breaker methodology used for more than one replacement shipper with a winning bid, as set forth in paragraph (n), by removing “lottery” and “other” tie-breaker options. Historically, North Baja has never utilized these two options.
- Section 6.19.5 (Posting of a Parcel) – North Baja is proposing to revise its requirement that a releasing shipper’s capacity release offer with special terms must be submitted to North Baja at least two (2) business days before the close of the posting period. In order to provide the releasing shipper greater flexibility, the provision is revised to require that such offers be submitted to North Baja with sufficient time prior to the close of the posting period. Additionally, the final paragraph in Section 6.19.5, which addresses a

⁵ See *Southern Natural Gas Company*, 92 FERC ¶ 61,265 (2000). See also *Tennessee Gas Pipeline Co.*, 76 FERC ¶ 61,101 (1996).

⁶ 18 C.F.R. Part 284.8(h)(iii-iv) (2014).

releasing shipper's ability to withdraw a capacity release parcel, is eliminated in its entirety. The ability to withdraw a parcel is also addressed in NAESB Standard 5.3.16,⁷ which is currently incorporated by reference in Section 6.40 – Gas Industry Standards of North Baja's GT&C. The provision as provided herein is eliminated consistent with the Commission requirement that a pipeline either incorporate a NAESB standard by reference or include the text of that standard in its tariff.⁸ As the ability to withdraw a capacity release parcel will be handled electronically in the TC PLUS system, the current notification requirements are no longer necessary, and thus eliminated.

- Section 6.19.6 (Bidding for a Parcel) – the language stating that the replacement shipper shall execute a new contract through use of an authorization code procedure on North Baja's website is eliminated. An authorization code will not be utilized in North Baja's TC PLUS system. Additionally, the information required for a capacity release bid is updated herein, as well as the bid confirmation, which will be acknowledged by North Baja electronically.
- Section 6.19.7 (Allocation of Parcels) – North Baja is proposing a fourth option for determining a winning capacity release bid by allowing a releasing shipper to provide its own method for evaluating the highest valued bid. Under this proposed option, a releasing shipper must specify the evaluation method and provide North Baja with an example of such evaluation. North Baja will evaluate the bid in accordance with the releasing shipper's evaluation method and allocate the capacity to the highest valued bid. Allowing a releasing shipper to select its own methodology for determining a winning bid is consistent with tariff provisions previously approved by the Commission.⁹ Additionally, a notice provision applicable to unsuccessful replacement shippers has been removed, consistent with current business and administrative practices, as such notices have never been provided and are not required by FERC regulations.

⁷ See *Standards for Business Practices for Interstate Natural Gas Pipelines*, Order No. 587-V, FERC Stats. & Regs. ¶ 31,332 (2012). NAESB Standard 5.3.16 states "The releasing party has the right to withdraw its Offer during the bid period, where unanticipated circumstances justify and no minimum Bid has been made."

⁸ See *Texas Eastern Transmission Corp.*, 77 FERC ¶ 61,175, at 61,646 (1996).

⁹ See *Northern Border Pipeline Company*, Part 6.27.6, GT&C – Release of Firm Capacity, Selection of Best Bid.

Effective Date

North Baja requests that the Commission accept the revised tariff sections filed herein and listed in Appendix A to become effective October 1, 2014, to coincide with the implementation of North Baja's TC PLUS system on that date.

Other Filings That May Affect This Proceeding

There are no other filings before the Commission that may significantly affect the changes proposed herein.

Contents of Filing

In accordance with Section 154.7 and 154.201 of the Commission's regulations, and Order No. 714,¹⁰ North Baja is submitting the following XML filing package, which includes:

1. This transmittal letter;
2. A clean tariff section (Appendix A); and
3. A marked tariff section (Appendix B).

Certificate of Service

As required by Sections 154.7(b) and 154.208 of the Commission's regulations, copies of this filing are being served upon all of North Baja's existing customers and interested state regulatory agencies. A copy of this letter, together with the enclosed tariff section and other attachments, is available during regular business hours for public inspection at North Baja's principal place of business.

Pursuant to Section 385.2005 and Section 385.2011, the undersigned has read this filing and knows its contents, and the contents are true as stated, to the best of his knowledge and belief. Additionally, the undersigned possesses full power and authority to sign such filing.

¹⁰ *Electronic Tariff Filings*, 124 FERC ¶ 61,270 (2008) ("Order No. 714").

Any questions regarding this filing may be directed to Joan Collins at (832) 320-5651.

Respectfully submitted,



John A. Roscher
Director, Rates and Tariffs

Enclosures

Appendix A

North Baja Pipeline, LLC *FERC Gas Tariff, First Revised Volume No. 1*

Clean Tariff

<u>Tariff</u>	<u>Sections</u>	<u>Version</u>
5.2.2	– Rate Schedule ITS-1, Applicability and Character of Service	V.2.0.0
5.2.3	– Rate Schedule ITS-1, Rates	v.3.0.0
5.2.4	– Rate Schedule ITS-1, Reserved for Future Use	v.2.0.0
5.3.2	– Rate Schedule PAL-1, Applicability and Character of Service	v.2.0.0
5.3.4	– Rate Schedule PAL-1, Operational Requirements of NBP	v.2.0.0
6.11	– GT&C, Qualifying for Service	v.3.0.0
6.19.1	– GT&C, Eligibility to Release	v.2.0.0
6.19.2	– GT&C, Types of Release	v.2.0.0
6.19.3	– GT&C, Notice Requirements	v.3.0.0
6.19.5	– GT&C, Posting of a Parcel	v.5.0.0
6.19.6	– GT&C, Bidding for a Parcel	v.5.0.0
6.19.7	– GT&C, Allocation of Parcels	v.3.0.0
7.1	– Service Agmts, Rate Schedule FTS-1	v.4.0.0
7.2	– Service Agmts, Rate Schedule FTS-1 (LAT-1)	v.4.0.0
7.3	– Service Agmts, Rate Schedule ITS-1	v.4.0.0
7.3.1	– Service Agmts, Reserved for Future Use	v.2.0.0
7.4	– Service Agmts, Rate Schedule ITS-1 (LAT-1)	v.4.0.0
7.4.1	– Service Agmts, Reserved for Future Use	v.3.0.0
7.5	– Service Agmts, Rate Schedule PAL-1	v.4.0.0
7.5.1	– Service Agmts, Reserved for Future Use	v.2.0.0

5.2.2 APPLICABILITY AND CHARACTER OF SERVICE

This rate schedule shall apply to interruptible gas transportation services performed by NBP for Shipper pursuant to the executed Interruptible Transportation Service Agreement between NBP and Shipper. NBP shall receive from Shipper daily quantities of gas plus the required quantity of gas for fuel and line losses associated with service under this Rate Schedule ITS-1 and redeliver an amount equal to the quantity received less the required quantity for fuel and line loss. Receipt and delivery of gas shall be made in evenly hourly rates up to a maximum hourly receipt and delivery quantity equal to one twenty-fourth (1/24th) of a Shipper's scheduled quantity. This transportation service shall be subject to curtailment of interruption as provided in the General Terms and Conditions of Service contained in this FERC Gas Tariff.

Interruptible transportation service shall be subject to all provisions of the executed Interruptible Transportation Service Agreement between NBP and Shipper and the applicable General Terms and Conditions of Service contained in this FERC Gas Tariff.

5.2.3 RATES

1. Commodity Rates.

Shipper shall pay NBP, each month, for the transportation of quantities of natural gas delivered, the Commodity Charge, plus any applicable surcharges. The rate(s) set forth under Rate Schedule ITS-1 in NBP's current Statement of Effective Rates and Charges for Transportation of Natural Gas in this FERC Gas Tariff, First Revised Volume No. 1 are applied to interruptible transportation service rendered under this rate schedule.

2. Applicability of Surcharges.

Shipper shall pay all surcharges applicable to the service provided to Shipper as set forth in NBP's FERC Gas Tariff. Such surcharges shall be deemed to be part of Shipper's Commodity Charge.

3. Discounted Rates.

Shipper shall pay the Maximum Commodity Rate for service under this rate schedule unless NBP offers to discount its rate to Shipper under this rate schedule. If NBP elects to discount its rate, NBP shall advise Shipper of the effective date of such charge and the quantity of gas so affected, provided, however, such discount shall not be anti-competitive or unduly discriminatory between individual Shippers. The rate for service under this rate schedule shall not be discounted below the Minimum Commodity Rate set forth on the Statement of Effective Rates and Charges for Transportation of Natural Gas.

4. Negotiated Rates.

Notwithstanding any provision of NBP's Tariff to the contrary, NBP and Shipper may mutually agree in writing to a Negotiated Rate (including a Negotiated Rate Formula) with respect to the rates, rate components, charges, or credits that are otherwise prescribed, required, established, or imposed by this Rate Schedule or by any other applicable provision of NBP's Tariff.

Shippers paying a Negotiated Rate which exceeds the maximum applicable tariff rate shall be considered to be paying the maximum applicable tariff rate for purposes of scheduling, curtailment, and interruption, and calculating the economic value of a request for available or unsubscribed capacity.

5. Backhauls.

Backhauls (as defined in Section 6.1 paragraph 26 of the General Terms and Conditions of Service) shall be subject to the same charges as forward haul (as defined in Section 6.1 paragraph 25 of the General Terms and Conditions of Service) except that no gas shall be retained by NBP for compressor station fuel, line loss and other unaccounted-for gas. Backhauls are subject to the operating conditions of NBP's pipeline and will not be made available to Shipper if NBP determines, in its sole discretion, that such transportation is operationally infeasible or otherwise not available.

5.2.4 RESERVED FOR FUTURE USE

5.3.2 APPLICABILITY AND CHARACTER OF SERVICE

1. This Rate Schedule shall apply to service, which is rendered by NBP for Shipper pursuant to an executed PAL Service Agreement under this Rate Schedule.
2. Service under this Rate Schedule shall consist of either parking or lending of Gas during any Day or part thereof. Service rendered by NBP under this Rate Schedule shall be interruptible and shall consist of:
 - (a) **Parking Service.** Parking Service is an interruptible service which provides for (1) the receipt by NBP of Gas quantities delivered by Shipper to the Point(s) of Service agreed to by NBP and Shipper for receipt of parked quantities; (2) NBP holding the parked quantities on NBP's pipeline system; and (3) return of the parked quantities to Shipper at the agreed upon time and at the same Point(s) or other mutually agreed upon Point(s), provided, however, that NBP is not obligated to return parked quantities on the same Day and at the same Point the Gas is parked.
 - (b) **Lending Service.** Lending Service is an interruptible service which provides for (1) Shipper receiving Gas quantities from NBP at the Point(s) of Service agreed to by NBP and Shipper for delivery of loaned quantities of Gas; and (2) the subsequent return of the loaned quantities of Gas to NBP at the agreed upon time and at the same Point(s) or mutually agreed upon Point(s), provided, however, that NBP is not obligated to accept return of loaned Gas on the same Day and at the same Point the Gas is loaned.
 - (c) If the Shipper and NBP agree that Shipper may receive parked quantities or return loaned quantities at Point(s) other than the Point(s) of the park or loan, then Shipper and NBP shall enter into a separate Transportation Agreement(s) to effectuate receipt or delivery of Gas from or to the new Point(s).
3. Service rendered under this Rate Schedule shall be provided for a minimum of a one (1) Day term. The term shall be set forth on the Agreement executed between Shipper and NBP.
4. Transportation of Gas quantities for or on behalf of Shipper to or from the designated Point(s) of Service under the Transportation Agreement shall not be performed under this Rate Schedule. Shipper shall make any necessary arrangements with NBP and/or third parties to receive or deliver Gas quantities at the designated Points of Service for Parking or Lending Service hereunder.
5. Services rendered under this Rate Schedule shall be interruptible and subject to available capacity.

5.3.4 OPERATIONAL REQUIREMENTS OF NBP

1. Shipper may be required, upon notification from NBP, to cease or reduce deliveries to, or receipts from, NBP hereunder within a Day consistent with NBP's operating requirements. Further, Shipper may be required to return loaned quantities or remove parked quantities upon notification by NBP. Such notification shall at a minimum be provided by posting on NBP's Internet website, and may also be provided by other means of communication. NBP's notification shall specify the timeframe within which parked quantities shall be removed and/or loaned quantities shall be returned, consistent with NBP's operating conditions, but in no event shall the specified time be sooner than the next day after NBP's notification, subject to the following conditions:
 - (a) In the event that the specified time for removal or return of Gas quantities is the next Day, the timeframe for required removal or return shall begin from the time that Shipper receives notice from NBP. Notices provided after business hours for the next Day will be provided to Shipper via electronic communication. In the event that Shipper makes a timely and valid nomination in response to notification by NBP to remove parked quantities and/or return loaned quantities, Shipper shall be deemed to have complied with NBP's notification; and
 - (b) Unless otherwise agreed by Shipper and NBP: (i) any parked quantity not nominated for removal within a timeframe specified by NBP's notice shall become the property of NBP at no cost to NBP free and clear of any adverse claims; (ii) any loaned quantity not returned within the timeframe specified by NBP's notice shall be sold to Shipper at one hundred and fifty percent (150%) of the average weekly price of gas as calculated in Section 5.3.4 paragraph 3 below.
2. In the event parked quantities remain in NBP's Pipeline System and/or loaned quantities have not been returned to NBP's Pipeline System at the expiration of any Agreement executed by Shipper and NBP, NBP and Shipper may mutually agree to an extended timeframe and/or modified terms, including the rate, of such Agreement. In the event that Shipper and NBP are unable to come to such Agreement, NBP shall notify Shipper, and Shipper shall nominate for removal of the parked quantities and/or return of the loaned quantities within the timeframe specified in NBP's notice, which in no instance shall be less than one (1) Day. Any parked quantity not nominated for removal within the timeframe specified by NBP's notice shall become the property of NBP at no cost to NBP, free and clear of any adverse claims. Any loaned quantities not nominated to be returned within the time frame specified by NBP's notice shall be sold to Shipper at one hundred and fifty percent (150%) of the average weekly price of gas as calculated in Section 5.3.4 paragraph 3 below.
3. The price of gas will be equal to the SoCal Gas large packages average weekly price as reported in Gas Daily (Daily Price Survey).

4. All penalties assessed and the value of all gas confiscated pursuant to the terms of this Section 5.3.4 shall be credited back, net of costs, to all Shippers in accordance with Section 6.16.4 of the General Terms and Conditions of Service of this FERC Gas Tariff.

6.11 QUALIFYING FOR SERVICE

1. A prospective shipper desiring service on NBP's system must fully complete the request for service available through the customer activities link on NBP's Internet website.
2. NBP will begin processing Shipper's request for service upon receipt, but does not guarantee service will be available. NBP will not provide service until Shipper has executed a Service Agreement. Shipper also shall be required to meet other provisions of this FERC Gas Tariff, including the creditworthiness requirements set forth in Section 6.12 of this FERC Gas Tariff. Pro forma Service Agreements for each service offered by NBP are set out in the Form of Service Agreement portion of this Tariff.

Shipper shall not be entitled to receive transportation service under this Tariff if Shipper is not current in its payments to NBP for any charge, rate or fee authorized by the Commission for transportation service; provided, however, if the amount not current pertains to a bonafide dispute, including but not limited to force majeure claims relating to this Tariff, Shipper shall be entitled to receive or continue to receive transportation service if Shipper posts a bond satisfactory to NBP to cover the payment due NBP.

3. Shipper's request for service shall be considered null and void if NBP has notified Shipper that Service Agreement is ready for execution and Shipper fails to execute the Service Agreement within fifteen (15) days thereafter.
4. Form: Shipper shall enter into a contract with NBP utilizing NBP's appropriate standard form of Transportation Service Agreement.

Term: The term of the Transportation Service Agreement shall be agreed upon between Shipper and NBP at the time of the execution thereof.

6.19.1 Eligibility to Release.

Any firm Shipper which contracts for firm transportation service under Part 284 of the Commission's regulations (Releasing Shipper) is eligible to release all or part of its capacity (Parcel) for use by another party (Replacement Shipper). Any Replacement Shipper, which has previously contracted for a Parcel, may also release its capacity to another party as a Secondary Release subject to the terms and conditions described herein.

Upon releasing a Parcel, consistent with the terms and conditions described herein, all Releasing Shippers shall remain ultimately liable for all reservation charges billable for the originally contracted service. The Releasing Shipper, whether a primary or secondary capacity holder, must post the capacity it seeks to release on NBP's Internet website prior to the close of the Posting Period defined herein.

A Releasing Shipper may release all or a portion of its capacity for the remaining term of its contract on either a temporary or permanent basis. In the event of a permanent capacity release by a Shipper paying the maximum recourse rate, the Right of First Refusal is conveyed to the Replacement Shipper for that portion permanently released. NBP may not unreasonably refuse to relieve the Releasing Shipper of liability under its contract and extinguish Releasing Shipper's contractual obligations to NBP with respect to that portion requested to be permanently released provided that: (1) the Replacement Shipper is creditworthy pursuant to NBP's credit standards; and (2) the rate paid by the Replacement Shipper is no less than the rate contracted between the Releasing Shipper and NBP for the remaining term of the contract or the maximum tariff rate, whichever is less. NBP may refuse to allow a permanent capacity release if it has a reasonable basis to conclude that it will not be financially indifferent to the release. If Shipper's request to permanently release capacity is denied by NBP, NBP shall notify Shipper in writing of the reasons for such denial.

6.19.2 Types of Release.

A Releasing Shipper may release a Parcel for a term (Release Term) up to or equivalent to the remaining term under its service agreement with NBP. No rate cap applies to releases of capacity for a period of one year or less only when the release is to take effect on or before one year from the date on which the pipeline is notified of the release. Types of releases include:

NON-PREARRANGED - BIDDING REQUIRED

Capacity releases that are not prearranged require bidding.

PREARRANGED RELEASES - BIDDING REQUIRED

- (1) Unless capacity is released pursuant to either an asset management agreement or a state-approved retail access program, releases with terms greater than thirty-one (31) days and up to one year require bidding. This type of release allows a right of first refusal for the prearranged bidder. Bidding is pursuant to the methodology selected by the Releasing Shipper.
- (2) Unless capacity is released pursuant to either an asset management agreement or a state-approved retail access program, releases with terms greater than one year at a rate that is less than the maximum applicable tariff rate require bidding up to the maximum applicable tariff rate. This type of release allows a right of first refusal for the prearranged bidder. Bidding is pursuant to the methodology selected by the Releasing Shipper.

PREARRANGED RELEASES - BIDDING NOT REQUIRED

- (1) Releases for any period of thirty-one (31) days or less do not require bidding. Unless capacity is released pursuant to either an asset management agreement or a state-approved retail access program, a firm shipper may not roll over, extend, or in any way continue the release to the same replacement shipper using the 31 days or less bidding exemption until 28 days after the first release period has ended. The 28-day hiatus does not apply to any re-release to the same replacement shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding set forth herein.
- (2) A release for more than one year at the maximum applicable tariff rate does not require bidding.
- (3) Asset Management Agreements. A release of capacity to an Asset Manager is exempt from bidding if the release contains a condition that the Releasing Shipper may call upon the Replacement Shipper to deliver to or purchase from the Releasing Shipper a volume of gas up to 100 percent of the daily contract demand

of the released transportation capacity. If the capacity release is for a period of one year or less, the Asset Manager's delivery or purchase obligation must apply on any day during a minimum period of the lesser of five months (or 155 days) or the term of the release. If the capacity release is for a period of more than one year, the Asset Manager's delivery or purchase obligation must apply on any day during a minimum period of five months (or 155 days) of each twelve-month period of the release, and on five-twelfths of the days of any additional period of the release not equal to twelve months.

Payments or other consideration exchanged between the Releasing and Replacement Shippers in a release to an Asset Manager are not subject to the maximum rate.

- (4) Retail Access Programs. A release to a marketer participating in a state-regulated retail access program is exempt from bidding when the released capacity will be utilized by the Replacement Shipper to provide the gas supply requirement of retail customers pursuant to a retail access program approved by the state agency with jurisdiction over the local distribution company that provides delivery service to such retail customers.

6.19.3 Notice Requirements.

Any Releasing Shipper electing to release capacity shall submit a notice via NBP's Internet website that it elects to release firm capacity. The notice shall set forth the following information:

- (a) Releasing Shipper's legal name, contract number, and the name, e-mail, and telephone number of the individual responsible for authorizing the release of capacity.
- (b) Rate schedule of the Releasing Shipper.
- (c) In accordance with NAESB Standard 5.3.26, the Releasing Shipper should specify which one of the following methods is acceptable for bidding on a given capacity release offer:
 - Non-Index-based release – dollar and cents,
 - Non-Index-based release – percentage of maximum rate, or
 - Index-based formula as detailed in the capacity release offer.

In accordance with NAESB Standard 5.3.27, for purposes of bidding and awarding, maximum/minimum rates specified by the Releasing Shipper should include the tariff reservation rate and all demand surcharges, as a total number or as stated separately. If a volumetric rate is used, Releasing Shipper must indicate whether bids on a reservation charge basis will be accepted as well and if so must specify the method of evaluating the two types of bids.

- (d) Daily quantity of capacity to be released, expressed in Dth/d, at the designated delivery point(s). (This must not exceed Releasing Shipper's maximum contract demand available for capacity release and shall state the minimum quantity expressed in Dth/d acceptable for release.)
- (e) The term of the release, identifying the date release is to begin and terminate. The minimum release term acceptable to NBP shall be one (1) day.
- (f) Whether the Releasing Shipper is willing to consider release for a shorter period of time than that specified in (e) above and if so, the minimum acceptable period of release.
- (g) The receipt and delivery point(s).
- (h) Whether Option 1, 2, 3 or 4 shall be used to determine the highest valued bid (see Section 6.19.7(a) for a description of bid evaluation options).

- (i) Whether the Releasing Shipper wants NBP to market its released capacity.
- (j) Whether the Releasing Shipper requests to waive the creditworthiness requirements and agrees in such event to remain liable for all charges.
- (k) Whether Releasing Shipper is an energy affiliate or other affiliate of NBP.
- (l) If release is a prearranged release, the Prearranged Shipper must be qualified pursuant to the criteria of Section 6.19.6(a) unless waived above. Releasing Shipper shall include the Prearranged Shipper bid information pursuant to Section 6.19.6(b) with its release information and shall indicate whether the Prearranged Shipper is affiliated with NBP or the Releasing Shipper.
- (m) Any special nondiscriminatory terms and conditions applicable to the release, such as whether the Replacement Shipper will be prohibited from changing Primary Points.
- (n) Tie-breaker method preferred: (1) pro rata, (2) order of submission (first-come/first-serve). If no method is selected, the system defaults to pro rata.
- (o) Recall provisions. These provisions must be objectively stated, nondiscriminatory, and applicable to all bidders, operationally and administratively feasible as determined by NBP and in accordance with NBP's tariff.
- (p) The minimum rate (percentage of: reservation charge or a volumetric equivalent of the maximum reservation charge applicable to the Parcel on a one hundred percent (100%) load-factor basis) acceptable to Releaser for this Parcel.
- (q) Whether the Releasing Shipper is willing to accept contingent bids that extend beyond the close of the Bid Period and, if so, any nondiscriminatory terms and conditions applicable to such contingencies including the date by which such contingency must be satisfied (which date shall not be later than the last day upon which NBP must award capacity) and whether, or for what time period, the next highest bidder(s) will be obligated to acquire the capacity should the winning contingent bidder be unable to satisfy the contingency specified in its bid.
- (r) Whether the Releasing Shipper wants to specify a longer bidding period for its Parcel than specified at Section 6.19.8.

6.19.5 Posting of a Parcel.

The posting of a Parcel constitutes an offer to release the capacity provided a willing Replacement Shipper submits a valid bid consistent with NBP's General Terms and Conditions of Service. The posting must contain the information contained in Section 6.19.3. Any specific conditions posted by the Releasing Shipper must be operationally feasible, nondiscriminatory to other shippers, and in conformance with NBP's tariffs. If the Parcel is being released as a Secondary Release, then any recall provisions included in the primary release which may affect the re-release of this capacity must be included in the terms and conditions of the Secondary Release. Each Parcel will be reviewed by NBP prior to posting on the Internet website for bidding. The receipt of a valid release will be acknowledged in the form of an email to the Releasing Shipper.

It is the Releasing Shipper's sole responsibility to provide release and Prearranged Shipper bid information in advance of the close of the Posting Period.

Releasing Shippers who elect to include, as part of their release, nondiscriminatory recall provisions and/or special terms and conditions are required to submit their request to release capacity with sufficient time prior to the close of the Posting Period as stated in Section 6.19.8 for NBP to review and validate that any recall and/or special terms and conditions are not discriminatory.

All Prearranged Shipper bids are subject to the Prearranged Shipper(s) meeting the preliminary qualifications as defined in Section 6.19.6(a) for Replacement Shippers.

A Parcel may be revised or withdrawn by the Releasing Shipper at any time prior to the close of the Posting Period. A Parcel cannot be revised after the close of the Posting Period. In accordance with NAESB Standard 5.3.14, offers should be binding until notice of withdrawal is received by NBP on its Internet website.

6.19.6 Bidding for a Parcel.

(a) Preliminary Qualification.

Replacement Shippers are encouraged to pre-qualify in advance of any postings on NBP's Internet website as credit requirements will take differing amounts of time to process depending on the particular financial profile of Replacement Shippers. The pre-qualification process will authorize a pre-set maximum monthly financial exposure level for the Replacement Shipper. Such exposure levels may be adjusted by NBP periodically re-evaluating a Replacement Shipper's credit-worthiness.

Releasing Shippers may exercise their option to waive the credit requirements for any Replacement Shipper wishing to bid on a Parcel posted by that Releasing Shipper. Such waiver must be made on a nondiscriminatory basis. NBP must be informed of such waiver via the Internet website before it will authorize such Replacement Shipper's participation with respect to that particular Parcel. In this instance, no pre-set maximum monthly financial exposure level is applicable.

Should a Releasing Shipper waive the credit requirements for a Replacement Shipper, the Releasing Shipper shall be liable for all charges incurred by the Replacement Shipper in the event such Replacement Shipper defaults on payment to NBP for such capacity release service.

Any potential Replacement Shipper may submit a bid for parcels posted for release. NBP will determine the highest valued bid, based on the bid evaluation method selected by the Releasing Shipper, and verify that the Shipper placing the bid meets NBP's credit requirements before awarding the parcel. Upon notification by NBP of an award of a parcel, NBP shall complete a new FTS-1 contract with the particulars of the awarded parcel and Replacement Shipper shall execute this new contract electronically.

Once a Replacement Shipper has acquired capacity, authority is granted to the Replacement Shipper to release that capacity, unless the Releasing Shipper has specified that the parcel cannot be re-released.

The execution of the FTS-1 service agreement will constitute an obligation on the part of the Replacement Shipper to be bound by the terms and conditions of NBP's capacity release program as set forth in these General Terms and Conditions of Service.

(b) Submitting a Bid.

All bids must be submitted through the use of NBP's Internet website. Such bids shall be "open" for all participants to review. The particulars of all bids will be available for review but not the identity of bidders. NBP will post the identity of the winning bidder(s) only.

A Replacement Shipper cannot request that its bid be "closed", nor can a Releasing Shipper specify that "closed" bids be submitted on its releases. A Replacement Shipper may submit only one bid per Parcel posted at any one point in time. Bids received after the close of the Bid Period shall be invalid. The Replacement Shipper may bid for no more than the quantity of the Parcel posted by the Releasing Shipper. Simultaneous bids for more than one Parcel are permitted.

A valid bid to contract for a Parcel must contain the following information:

- (i) Replacement Shipper's legal name, e-mail, telephone number and the name of the individual responsible for authorizing the bid.
- (ii) The identification of the Parcel bid on.
- (iii) Term of service requested. The term of service must not exceed the term included in the Parcel.
- (iv) Percentage of the applicable maximum rate, or price in dollars and cents per Dth/d, as identified in the Parcel, that the Replacement Shipper is willing to pay for non-index-based releases or the index-based formula as detailed in the capacity release offer. A Replacement Shipper may not bid below the minimum applicable charge or rate. The bids for the given capacity release offer should adhere to the method specified by the Releasing Shipper. The bidder may bid the maximum reservation rate, in NBP's Tariff, as an alternative to the method specified by the Releasing Shipper, except when the release is index-based for a term of one year or less or utilizes market-based rates.
- (v) The quantity desired not to exceed the quantity contained in the Parcel, expressed on a Dth/d delivered basis and greater than the minimum quantity acceptable to Replacement Shipper.
- (vi) A statement as to whether or not Replacement Shipper is an affiliate of the Releasing Shipper.

- (vii) An affirmative statement that Replacement Shipper agrees to be bound by the terms and conditions of Rate Schedule FTS-1 and NBP's capacity release provisions in its tariff.
 - (viii) Whether the bid is a contingent bid and the contingencies which must be satisfied by the date specified by the Releasing Shipper in its posting of the Parcel.
- (c) Confirmation of Bids.

The receipt of a valid bid by NBP will be acknowledged by NBP electronically. It is the Replacement Shipper's sole responsibility to verify the correctness of the submitted bid and to take any corrective action necessary by resubmitting a bid when notified of an invalid or incomplete bid by NBP via the Internet website. This must be done before the close of the Bid Period.

- (d) Withdrawal or Revision of Bids.

A previously submitted bid may be withdrawn or revised and resubmitted at any time prior to the close of the Bid Period with no obligation on the Replacement Shipper's part. In accordance with NAESB Standard 5.3.15, bids cannot be withdrawn after the bid period ends. Resubmitted bids must be equal to or greater in value than the initial bids. Lower valued bids will be invalid. In accordance with NAESB Standard 5.3.13, bids should be binding until notice of withdrawal is received by NBP on its Internet website.

6.19.7 Allocation of Parcels.

(a) Primary Allocation.

In accordance with NAESB Standard 5.3.3, winning bids for Parcels shall be awarded based on one of the following three (3) options to be selected by the Releasing Shipper when posting a Parcel:

Option 1 - Highest Rate Equivalent

Bids will be given priority based on the maximum rate bid as represented by (1) a Replacement Shipper's bid of the percentage of the Transporter's maximum authorized reservation charge or a volumetric equivalent of the maximum reservation charge applicable to the Parcel on a 100% load factor basis, or (2) a Replacement Shipper's bid in terms of absolute dollars and cents per Dth.

Option 2 - Present Value

Bids will be given priority based on the net present value per Dth for the term of the bid according to the following formula:

$$\text{Present Value per} = P * R * \frac{(1 + i)^n - 1}{i(1 + i)^n}$$

where:

P = percent of the maximum authorized rate or charge that the Replacement Shipper is willing to pay.

R = Rate or charge calculated as: The maximum authorized reservation charge [or a volumetric equivalent of the maximum reservation charge applicable to the Parcel on a one hundred percent (100%) load factor basis] in effect at the time of the bid for service from the same receipt point to the same delivery point under the Releasing Shipper's rate schedule.

For short-term capacity releases not subject to a rate cap, P * R shall equal a Replacement Shipper's bid in terms of absolute dollars and cents per Dth.

i = FERC's annual interest rate divided by 12.

n = number of periods for which the bidder wishes to contract, not to exceed the maximum periods to be released by the Releasing Shipper. For releases greater than or equal to one (1) month, the period is the number of months. For releases less than one (1) month the period is the number of days.

A bid queue will be maintained for each individual Parcel.

Option 3 - Net Revenue

Bids will be given priority based on the net revenue for the term of the bid.

If Releasing Shipper does not specify an option for determining best bid, Option 2 will be the default option used.

Under all options, NBP will evaluate and rank all bids for Parcels. For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology.

Option 4 – Other

The Releasing Shipper may establish a method for evaluation of the highest value bid. The Releasing Shipper must specify the evaluation method and provide an example of the evaluation method with each individual Parcel. In this event, NBP shall evaluate the bids in accordance with the Releasing Shipper's method and allocate the capacity to the highest value bid. The Releasing Shipper's bid evaluation methodology must be objective and non-discriminatory. In the event the Releasing Shipper does not specify how capacity will be allocated when there are multiple highest valued bids, the capacity will be allocated on a pro rata basis.

(b) Right of First Refusal.

In the case of a Prearranged Shipper's bid for a Parcel, at a rate other than at the highest valued bid, pursuant to the methodology specified by the Releasing Shipper, if the bid submitted by a subsequent Replacement Shipper exceeds the value of the Prearranged Shipper's bid, the Prearranged Shipper will be allowed to match the higher valued bid. The Prearranged Shipper will be allowed a match period, as specified in Section 6.19.8, to match the higher valued bid, otherwise, the allocation will be awarded to subsequent Replacement Shipper(s) in accordance with the primary and secondary allocation mechanisms.

(c) Secondary Allocation.

To the extent there is more than one Replacement Shipper submitting a winning bid, the Parcel shall be allocated based on one of the following tie-breaker

methodologies to be selected by the Releasing Shipper: pro rata, lottery, order of submission (first come/first serve), or by a method designated by the Releasing Shipper. Releasing Shipper's method must be objectively stated, applicable to all bidders, nondiscriminatory, administratively feasible as determined by NBP and in accordance with NBP's FERC Gas Tariff.

(d) Confirmation of Allocation.

Upon each completion of an allocation, the successful Replacement Shipper(s) will be notified of the terms under which they have contracted for the awarded Parcel. The notification will be provided in the form of an e-mail to the Replacement Shipper(s). Such notification will be sent within one (1) hour of completion of the allocation. The notice will include the Replacement Shipper's Rate Schedule FTS-1 service agreement number and the pertinent terms of the Replacement Shipper's bid as well as any additional terms specified by the Releasing Shipper. The Releasing Shipper will be notified of the terms under which its Parcel has been awarded. The notification will be provided in the form of an email to the Releasing Shipper. The notification will include all of the pertinent terms of the Releasing Shipper's Parcel.

(e) Purging of Expired Bids.

All unfulfilled bids, as well as any unfulfilled portions of bids, which receive a partial award, will become ineffective as of the completion of bid reconciliation and the close of the Bid Period.

FORM OF SERVICE AGREEMENT - FIRM TRANSPORTATION

FORM OF SERVICE AGREEMENT

APPLICABLE TO FIRM TRANSPORTATION SERVICE
OFFERED BY NORTH BAJA PIPELINE, LLC
UNDER RATE SCHEDULE FTS-1

THIS AGREEMENT is made and entered into this ____ day of _____, 20__, by and between North Baja Pipeline, LLC, a Delaware Limited Liability Company (hereinafter referred to as "NBP"), and _____ (hereinafter referred to as "Shipper").

WHEREAS, NBP owns and operates an interstate natural gas pipeline; and

WHEREAS, Shipper desires NBP, on a firm basis, to transport certain quantities of natural gas from _____ to _____; and

WHEREAS, NBP is willing to transport certain quantities of natural gas for Shipper, on a firm basis,

NOW, THEREFORE, the parties agree as follows:

I
Governmental Authority

1. This Firm Transportation Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission (FERC) contained in 18 CFR Part 284, as amended from time to time.
2. Shipper shall reimburse NBP for any and all filing fees incurred by NBP specific to Shipper in seeking governmental authorization for the initiation of any new service or extension, or termination of service under this Agreement and Rate Schedule FTS-1. Shipper shall reimburse NBP for such fees at NBP's designated office within ten (10) days of receipt of notice from NBP that such fees are due and payable. Additionally, Shipper shall reimburse NBP for any and all penalty fees or fines assessed NBP caused by the negligence of Shipper in not obtaining all proper domestic and Mexican import/export licenses, surety bonds or any other documents and approvals related to the domestic exportation and subsequent Mexican importation of natural gas transported by NBP hereunder.

II
Quantity of Gas and Points of Receipt and Delivery

1. The maximum quantities of gas to be delivered by NBP for Shipper's account at the point(s) of delivery are set forth in Exhibit A, attached hereto, incorporated herein by reference and made a part hereof for all purposes.
2. The point(s) of receipt and delivery are as designated in Exhibit A.

III
Term

1. Service shall commence on _____, and shall continue in full force and effect until _____.

(if applicable)

Shipper shall be entitled to the right of first refusal provided for in Section 6.10 of the General Terms and Conditions of Service of NBP's Tariff, notwithstanding the fact that Shipper would otherwise be ineligible for this right under Section 6.10.

(if applicable)

Thereafter, this Agreement shall continue in full force and effect for an additional term of _____ unless _____ gives at least _____ prior written notice of its desire to terminate this Agreement. Under this evergreen provision, parties capable of giving notice of termination may include only Shipper (unilateral evergreen) or may include both Shipper and NBP (bilateral evergreen).

IV
Rate(s), Rate Schedules,
and General Terms and Conditions of Service

1. Shipper shall pay NBP each month for services rendered pursuant to this Agreement in accordance with NBP's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC.

In the event NBP and Shipper mutually agree on a rate other than the Recourse Rate, that rate, and any provisions governing such rate, shall be set forth herein.

2. This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule FTS-1, or superseding rate schedule(s) and to the applicable General Terms and Conditions of Service of NBP's FERC Gas Tariff on file with the FERC, all of which are by this reference made a part hereof.

3. Upon notice to Shipper, NBP shall have the right to file with the FERC any changes in the terms or rates/charges applicable to any of its Rate Schedules, General Terms and Conditions of Service or Form of Service Agreement as NBP may deem necessary, and to make such changes effective at such times as NBP desires and is possible under applicable law. Shipper may protest any filed changes before FERC and exercise any other rights it may have with respect thereto.

V
Miscellaneous

1. This Agreement shall be interpreted according to the laws of the State of California.
2. Shipper warrants that upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised the upstream and downstream transporters of the receipt and delivery points under this Agreement and any quantity limitations for each point as specified on Exhibit A attached hereto.
3. Shipper agrees to indemnify and hold NBP harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement.
4. Unless herein provided to the contrary, all notices and communications with respect to this Agreement shall be in writing by mail, e-mail, or fax, or other means as agreed to by the parties, and sent to the addresses stated below or to any other such address(es) as may be designated in writing by mail, e-mail, or fax, or other means similarly agreed to:

"NORTH BAJA PIPELINE, LLC"
717 Texas Street, Suite 2400
Houston, Texas 77002-2761
Attention: Commercial Services

"Shipper"

Attention: _____

5. All waivers shall be in writing, and such waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.

6. This Agreement may only be amended by an instrument in writing executed by both parties hereto. In no event shall this Agreement be modified by course of performance, course of dealing or usage of trade.
7. Nothing in this Agreement shall be deemed to create any rights or obligations between the parties hereto after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to NBP.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

NORTH BAJA PIPELINE, LLC

By: _____
Name: _____
Title: _____

SHIPPER

By: _____
Name: _____
Title: _____

FORM OF SERVICE AGREEMENT - YUMA LATERAL FIRM TRANSPORTATION

FORM OF SERVICE AGREEMENT

APPLICABLE TO FIRM TRANSPORTATION SERVICE
OFFERED BY NORTH BAJA PIPELINE, LLC
UNDER RATE SCHEDULE FTS-1 LATERAL RATE SCHEDULE (LAT-1)

THIS AGREEMENT is made and entered into this ____ day of _____, 20__, by and between North Baja Pipeline, LLC, a Delaware Limited Liability Company (hereinafter referred to as "NBP"), and

_____ (hereinafter referred to as "Shipper").

WHEREAS, NBP owns and operates an interstate natural gas pipeline; and

WHEREAS, Shipper desires NBP, on a firm basis, to transport certain quantities of natural gas from _____ to _____; and

WHEREAS, NBP is willing to transport certain quantities of natural gas for Shipper, on a firm basis,

NOW, THEREFORE, the parties agree as follows:

I
Governmental Authority

1. This Firm Transportation Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission ("FERC") contained in 18 CFR Part 284, as amended from time to time.
2. Shipper shall reimburse NBP for any and all filing fees incurred by NBP specific to Shipper in seeking governmental authorization for the initiation of any new service or extension, or termination of service under this Agreement and Rate Schedule FTS-1. Shipper shall reimburse NBP for such fees at NBP's designated office within ten (10) days of receipt of notice from NBP that such fees are due and payable. Additionally, Shipper shall reimburse NBP for any and all penalty fees or fines assessed NBP caused by the negligence of Shipper in not obtaining all proper domestic and Mexican import/export licenses, surety bonds or any other documents and approvals related to the domestic exportation and subsequent Mexican importation of natural gas transported by NBP hereunder.

II
Quantity of Gas and Points of Receipt and Delivery

1. The maximum quantities of gas to be delivered by NBP for Shipper's account at the point(s) of delivery are set forth in Exhibit A, attached hereto, incorporated herein by reference and made a part hereof for all purposes.
2. The point(s) of receipt and delivery are as designated in Exhibit A.

III
Term

1. Service shall commence on _____, and shall continue in full force and effect until _____.

(if applicable)

Shipper shall be entitled to the right of first refusal provided for in Section 6.10 of the General Terms and Conditions of Service of NBP's Tariff, notwithstanding the fact that Shipper would otherwise be ineligible for this right under Section 6.10.

(if applicable)

Hereafter, this Agreement shall continue in full force and effect for an additional term of _____ unless _____ gives at least _____ prior written notice of its desire to terminate this Agreement. Under this evergreen provision, parties capable of giving notice of termination may include only Shipper (unilateral evergreen) or may include both Shipper and NBP (bilateral evergreen).

IV
Rate(s), Rate Schedule(s),
and General Terms and Conditions of Service

1. Shipper shall pay NBP each month for services rendered pursuant to this Agreement in accordance with NBP's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC.

In the event NBP and Shipper mutually agree on a rate other than the Recourse Rate, that rate, and any provisions governing such rate, shall be set forth herein.

2. This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule FTS-1, or superseding rate schedule(s) and to the applicable General Terms and Conditions of Service of NBP's FERC Gas Tariff on file with the FERC, all of which are by this reference made a part hereof.

3. Upon notice to Shipper, NBP shall have the right to file with the FERC any changes in the terms or rates/charges applicable to any of its Rate Schedules, General Terms and Conditions of Service or Form of Service Agreement as NBP may deem necessary, and to make such changes effective at such times as NBP desires and is possible under applicable law. Shipper may protest any filed changes before FERC and exercise any other rights it may have with respect thereto.

4. The following provision is ___/is not___ applicable to this Agreement:
In addition to the rate established for the NBP-Yuma Lateral, in accordance with Section 6.6 paragraph 3 of NBP's General Terms and Conditions of Service, Shipper also agrees to pay any Third Party Charges which may be incurred by NBP for transportation services on the Gasoducto Rosarito ("GR")-Algodones Lateral necessary to provide transportation services on the GR-Algodones Lateral as provided in Exhibit A.

V
Miscellaneous

1. This Agreement shall be interpreted according to the laws of the State of California.

2. Shipper agrees to indemnify and hold NBP harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement consistent with NBP's tariff.

3. Unless herein provided to the contrary, all notices and communications with respect to this Agreement shall be in writing by mail, e-mail, or fax, or other means as agreed to by the parties, and sent to the addresses stated below or to any other such address(es) as may be designated in writing by mail, e-mail, or fax or other means similarly agreed to:

"NORTH BAJA PIPELINE, LLC"
717 Texas Street, Suite 2400
Houston, Texas 77002-2761
Attention: Commercial Services

"Shipper"

Attention: _____

4. All waivers shall be in writing, and such waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.

5. This Agreement may only be amended by an instrument in writing executed by both parties hereto. In no event shall this Agreement be modified by course of performance, course of dealing or usage of trade.
6. Nothing in this Agreement shall be deemed to create any rights or obligations between the parties hereto after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to NBP.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

NORTH BAJA PIPELINE, LLC

By: _____
Name: _____
Title: _____

SHIPPER

By: _____
Name: _____
Title: _____

FORM OF SERVICE AGREEMENT - INTERRUPTIBLE TRANSPORTATION

FORM OF SERVICE AGREEMENT

APPLICABLE TO INTERRUPTIBLE TRANSPORTATION SERVICE
OFFERED BY NORTH BAJA PIPELINE, LLC
UNDER RATE SCHEDULE ITS-1

THIS AGREEMENT is made and entered into this ____ day of _____, 20__, by and between North Baja Pipeline, LLC, a Delaware Limited Liability Company (hereinafter referred to as "NBP"), and

_____ (hereinafter referred to as "Shipper").

WHEREAS, NBP owns and operates an interstate natural gas pipeline; and

WHEREAS, Shipper desires NBP, on an interruptible basis, to transport certain quantities of natural gas; and

WHEREAS, NBP is willing to transport certain quantities of natural gas for Shipper, on an interruptible basis,

NOW, THEREFORE, the parties agree as follows:

I
Governmental Authority

1. This Interruptible Transportation Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission (FERC) contained in 18 CFR Part 284, as amended from time to time.
2. Shipper shall reimburse NBP for any and all filing fees incurred by NBP specific to Shipper in seeking governmental authorization for the initiation of any new service or extension, or termination of service under this Agreement and Rate Schedule ITS-1. Shipper shall reimburse NBP for such fees at NBP's designated office within ten (10) days of receipt of notice from NBP that such fees are due and payable.

Additionally, Shipper shall reimburse NBP for any and all penalty fees or fines assessed NBP caused by the negligence of Shipper in not obtaining all proper domestic and Mexican import/export licenses, surety bonds or any other documents and approvals related to the domestic exportation and subsequent Mexican importation of natural gas transported by NBP hereunder.

II
Term

1. Service shall commence on _____, and shall continue in full force and effect month to month thereafter, until terminated by Shipper or NBP upon thirty (30) days written notice.

III
Rate(s), Rate Schedules,
and General Terms and Conditions of Service

1. Shipper shall pay NBP each month for services rendered pursuant to this Agreement in accordance with NBP's Rate Schedule ITS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC.

In the event NBP and Shipper mutually agree on a rate other than the Recourse Rate, that rate, and any provisions governing such rate, shall be set forth herein.

2. This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule ITS-1, or superseding rate schedule(s) and to the applicable General Terms and Conditions of Service of NBP's FERC Gas Tariff on file with the FERC, all of which are by this reference made a part hereof.
3. Upon notice to Shipper, NBP shall have the right to file with the FERC any changes in the terms or rates/charges applicable to any of its Rate Schedules, General Terms and Conditions of Service or Form of Service Agreement as NBP may deem necessary, and to make such changes effective at such times as NBP desires and is possible under applicable law. Shipper may protest any filed changes before FERC and exercise any other rights it may have with respect thereto.
4. The service under this Agreement shall be conditioned upon the availability of capacity sufficient to provide the service without detriment or disadvantage to those customers of NBP that have a higher priority of service.

IV
Miscellaneous

1. This Agreement shall be interpreted according to the laws of the State of California.
2. Shipper warrants that upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service.

3. Shipper agrees to indemnify and hold NBP harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement.
4. Unless herein provided to the contrary, all notices and communications with respect to this Agreement shall be in writing by mail, e-mail, or fax, or other means as agreed to by the parties, and sent to the addresses stated below or to any other such address(es) as may be designated in writing by mail, e-mail, or fax, or other means similarly agreed to:

"NORTH BAJA PIPELINE, LLC"
717 Texas Street, Suite 2400
Houston, Texas 77002-2761
Attention: Commercial Services

"Shipper"

Attention: _____

5. All waivers shall be in writing, and such waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.
6. This Agreement may only be amended by an instrument in writing executed by both parties hereto. In no event shall this Agreement be modified by course of performance, course of dealing or usage of trade.
7. Nothing in this Agreement shall be deemed to create any rights or obligations between the parties hereto after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to NBP.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

NORTH BAJA PIPELINE, LLC

By: _____
Name: _____
Title: _____

SHIPPER

By: _____
Name: _____
Title: _____

RESERVED FOR FUTURE USE

FORM OF SERVICE AGREEMENT - YUMA LATERAL INTERRUPTIBLE
TRANSPORTATION

FORM OF SERVICE AGREEMENT

APPLICABLE TO INTERRUPTIBLE TRANSPORTATION SERVICE
OFFERED BY NORTH BAJA PIPELINE, LLC
UNDER RATE SCHEDULE ITS-1 LATERAL RATE SCHEDULE (LAT-1)

THIS AGREEMENT is made and entered into this ____ day of _____, 20__, by and between North Baja Pipeline, LLC, a Delaware Limited Liability Company (hereinafter referred to as "NBP"), and

_____ (hereinafter referred to as "Shipper").

WHEREAS, NBP owns and operates an interstate natural gas pipeline; and

WHEREAS, Shipper desires NBP, on an interruptible basis, to transport certain quantities of natural gas; and

WHEREAS, NBP is willing to transport certain quantities of natural gas for Shipper, on an interruptible basis,

NOW, THEREFORE, the parties agree as follows:

I
Governmental Authority

1. This Interruptible Transportation Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission ("FERC") contained in 18 CFR Part 284, as amended from time to time.
2. Shipper shall reimburse NBP for any and all filing fees incurred by NBP specific to Shipper in seeking governmental authorization for the initiation of any new service or extension, or termination of service under this Agreement and Rate Schedule ITS-1. Shipper shall reimburse NBP for such fees at NBP's designated office within ten (10) days of receipt of notice from NBP that such fees are due and payable. Additionally, Shipper shall reimburse NBP for any and all penalty fees or fines assessed NBP caused by the negligence of Shipper in not obtaining all proper domestic and Mexican import/export licenses, surety bonds or any other documents and approvals related to the domestic exportation and subsequent Mexican importation of natural gas transported by NBP hereunder.

II
Term

1. Service shall commence on _____, and shall continue in full force and effect month to month thereafter, until terminated by Shipper or NBP upon thirty (30) days written notice.

III
Rate(s), Rate Schedule(s),
and General Terms and Conditions of Service

1. Shipper shall pay NBP each month for services rendered pursuant to this Agreement in accordance with NBP's Rate Schedule ITS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC.

In the event NBP and Shipper mutually agree on a rate other than the Recourse Rate, that rate, and any provisions governing such rate, shall be set forth herein.

2. This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule ITS-1, or superseding rate schedule(s) and to the applicable General Terms and Conditions of Service of NBP's FERC Gas Tariff on file with the FERC, all of which are by this reference made a part hereof.
3. Upon notice to Shipper, NBP shall have the right to file with the FERC any changes in the terms or rates/charges applicable to any of its Rate Schedules, General Terms and Conditions of Service or Form of Service Agreement as NBP may deem necessary, and to make such changes effective at such times as NBP desires and is possible under applicable law. Shipper may protest any filed changes before FERC and exercise any other rights it may have with respect thereto.
4. The service under this Agreement shall be conditioned upon the availability of capacity sufficient to provide the service without detriment or disadvantage to those customers of NBP that have a higher priority of service.
5. The following provision is____/is not____ applicable to this Agreement: In addition to the rate established for the NBP-Yuma Lateral, in accordance with Section 6.6 paragraph 3 of NBP's General Terms and Conditions of Service, Shipper also agrees to pay any Third Party Charges which may be incurred by NBP for transportation services on the Gasoducto Rosarito ("GR") - Algodones Lateral necessary to provide transportation service on the GR-Algodones Lateral.

IV
Miscellaneous

1. This Agreement shall be interpreted according to the laws of the State of California.
2. Shipper agrees to indemnify and hold NBP harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement consistent with NBP's tariff.
3. Unless herein provided to the contrary, all notices and communications with respect to this Agreement shall be in writing by mail, e-mail, or fax, or other means as agreed to by the parties, and sent to the addresses stated below or to any other such address(es) as may be designated in writing by mail, e-mail, or fax, or other means similarly agreed to:

"NORTH BAJA PIPELINE, LLC"
717 Texas Street, Suite 2400
Houston, Texas 77002-2761
Attention: Commercial Services

"Shipper"

Attention: _____

4. All waivers shall be in writing, and such waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.
5. This Agreement may only be amended by an instrument in writing executed by both parties hereto. In no event shall this Agreement be modified by course of performance, course of dealing or usage of trade.
6. Nothing in this Agreement shall be deemed to create any rights or obligations between the parties hereto after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to NBP.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

NORTH BAJA PIPELINE, LLC

By: _____
Name: _____
Title: _____

SHIPPER

By: _____
Name: _____
Title: _____

North Baja Pipeline, LLC
FERC Gas Tariff
First Revised Volume No. 1

PART 7.4.1
7.4.1 - Service Agmts
Rate Schedule ITS-1 (LAT-1) - Reserved for Future Use
v.3.0.0 Superseding v.2.0.0

RESERVED FOR FUTURE USE

Issued: August 29, 2014
Effective: October 1, 2014

Docket No.
Accepted:

FORM OF SERVICE AGREEMENT - PARKING AND LENDING SERVICE

FORM OF SERVICE AGREEMENT

APPLICABLE TO PARKING AND LENDING SERVICE
OFFERED BY NORTH BAJA PIPELINE, LLC
UNDER RATE SCHEDULE PAL-1

THIS AGREEMENT is made and entered into this ____ day of _____, 20__, by and between North Baja Pipeline, LLC, a Delaware Limited Liability Company (hereinafter referred to as "NBP"), and _____ (hereinafter referred to as "Shipper").

WHEREAS, NBP owns and operates an interstate natural gas pipeline; and

WHEREAS, Shipper desires NBP, on an interruptible basis, to park or loan certain quantities of natural gas at various points on NBP's system; and

WHEREAS, NBP is willing to park or loan certain quantities of natural gas for Shipper, on an interruptible basis,

NOW, THEREFORE, the parties agree as follows:

I

Governmental Authority

1. This Parking and Lending Service Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission (FERC) contained in 18 CFR Part 284, as amended from time to time.
2. Shipper shall reimburse NBP for any and all filing fees incurred by NBP specific to Shipper in seeking governmental authorization for the initiation of any new service or extension, or termination of service under this Agreement and Rate Schedule PAL-1. Shipper shall reimburse NBP for such fees at NBP's designated office within ten (10) days of receipt of notice from NBP that such fees are due and payable. Additionally, Shipper shall reimburse NBP for any and all penalty fees or fines assessed NBP caused by the negligence of Shipper in not obtaining all proper domestic and Mexican import/export licenses, surety bonds or any other documents and approvals related to the domestic exportation and subsequent Mexican importation of natural gas transported by NBP hereunder.

II Term

1. Service shall commence on _____, and shall continue in full force and effect month to month thereafter, until terminated by Shipper or NBP upon thirty (30) days written notice.

III Rate(s), Rate Schedules, and General Terms and Conditions of Service

1. Shipper shall pay NBP each month for services rendered pursuant to this Agreement in accordance with NBP's Rate Schedule PAL-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC. In the event NBP and Shipper mutually agree on a rate other than the Recourse Rate, that rate, and any provisions governing such rate, shall be set forth herein.
2. This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule PAL-1, or superseding rate schedule(s) and to the applicable General Terms and Conditions of Service of NBP's FERC Gas Tariff on file with the FERC, all of which are by this reference made a part hereof.
3. Upon notice to Shipper, NBP shall have the right to file with the FERC any changes in the terms or rates/charges applicable to any of its Rate Schedules, General Terms and Conditions of Service or Form of Service Agreement as NBP may deem necessary, and to make such changes effective at such times as NBP desires and is possible under applicable law. Shipper may protest any filed changes before FERC and exercise any other rights it may have with respect thereto.
4. The service under this Agreement shall be conditioned upon the availability of capacity sufficient to provide the service without detriment or disadvantage to those customers of NBP having a higher priority of service.

IV Miscellaneous

1. This Agreement shall be interpreted according to the laws of the State of California.
2. Shipper warrants that upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service.

3. Shipper agrees to indemnify and hold NBP harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement.
4. Unless herein provided to the contrary, all notices and communications with respect to this Agreement shall be in writing by mail, e-mail, or fax, or other means as agreed to by the parties, and sent to the addresses stated below or to any other such address(es) as may be designated in writing by mail, e-mail, or fax, or other means similarly agreed to:

"NORTH BAJA PIPELINE, LLC"
717 Texas Street, Suite 2400
Houston, Texas 77002-2761
Attention: Commercial Services

"Shipper"

Attention: _____

5. All waivers shall be in writing, and such waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.
6. This Agreement may only be amended by an instrument in writing executed by both parties hereto. In no event shall this Agreement be modified by course of performance, course of dealing or usage of trade.
7. Nothing in this Agreement shall be deemed to create any rights or obligations between the parties hereto after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to NBP.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

NORTH BAJA PIPELINE, LLC

By: _____
Name: _____
Title: _____

SHIPPER

By: _____
Name: _____
Title: _____

North Baja Pipeline, LLC
FERC Gas Tariff
First Revised Volume No. 1

PART 7.5.1
7.5.1 - Service Agmts
Rate Schedule PAL-1 - Reserved for Future Use
v.2.0.0 Superseding v.1.0.0

RESERVED FOR FUTURE USE

Issued: August 29, 2014
Effective: October 1, 2014

Docket No.
Accepted:

Appendix B

North Baja Pipeline, LLC *FERC Gas Tariff, First Revised Volume No. 1*

Marked Tariff

<u>Tariff</u>	<u>Sections</u>	<u>Version</u>
5.2.2	Rate Schedule ITS-1, Applicability and Character of Service	V.2.0.0
5.2.3	Rate Schedule ITS-1, Rates	v.3.0.0
5.2.4	Rate Schedule ITS-1, Reserved for Future Use	v.2.0.0
5.3.2	Rate Schedule PAL-1, Applicability and Character of Service	v.2.0.0
5.3.4	Rate Schedule PAL-1, Operational Requirements of NBP	v.2.0.0
6.11	GT&C, Qualifying for Service	v.3.0.0
6.19.1	GT&C, Eligibility to Release	v.2.0.0
6.19.2	GT&C, Types of Release	v.2.0.0
6.19.3	GT&C, Notice Requirements	v.3.0.0
6.19.5	GT&C, Posting of a Parcel	v.5.0.0
6.19.6	GT&C, Bidding for a Parcel	v.5.0.0
6.19.7	GT&C, Allocation of Parcels	v.3.0.0
7.1	Service Agmts, Rate Schedule FTS-1	v.4.0.0
7.2	Service Agmts, Rate Schedule FTS-1 (LAT-1)	v.4.0.0
7.3	Service Agmts, Rate Schedule ITS-1	v.4.0.0
7.3.1	Service Agmts, Reserved for Future Use	v.2.0.0
7.4	Service Agmts, Rate Schedule ITS-1 (LAT-1)	v.4.0.0
7.4.1	Service Agmts, Reserved for Future Use	v.3.0.0
7.5	Service Agmts, Rate Schedule PAL-1	v.4.0.0
7.5.1	Service Agmts, Reserved for Future Use	v.2.0.0

5.2.2 APPLICABILITY AND CHARACTER OF SERVICE

This rate schedule shall apply to interruptible gas transportation services performed by NBP for Shipper pursuant to the executed Interruptible Transportation Service Agreement between NBP and Shipper. NBP shall receive from Shipper ~~such~~ daily quantities of gas ~~up to the Shipper's MDQ as specified in the executed Interruptible Transportation Service Agreement between NBP and Shipper~~ plus the required quantity of gas for fuel and line losses associated with service under this Rate Schedule ITS-1 and redeliver an amount equal to the quantity received less the required quantity for fuel and line loss. Receipt and delivery of gas shall be made in evenly hourly rates up to a maximum hourly receipt and delivery quantity equal to one twenty-fourth (1/24th) of a Shipper's ~~MDQ~~ scheduled quantity. This transportation service shall be subject to curtailment of interruption as provided in the General Terms and Conditions of Service contained in this FERC Gas Tariff.

Interruptible transportation service shall be subject to all provisions of the executed Interruptible Transportation Service Agreement between NBP and Shipper and the applicable General Terms and Conditions of Service contained in this FERC Gas Tariff.

5.2.3 RATES

1. Commodity Rates.

Shipper shall pay NBP, each month, for the transportation of quantities of natural gas delivered, the Commodity Charge, plus any applicable ~~Overrun Charge~~ and surcharges. The rate(s) set forth under Rate Schedule ITS-1 in NBP's current Statement of Effective Rates and Charges for Transportation of Natural Gas in this FERC Gas Tariff, First Revised Volume No. 1 are applied to interruptible transportation service rendered under this rate schedule.

2. Applicability of Surcharges.

Shipper shall pay all surcharges applicable to the service provided to Shipper as set forth in NBP's FERC Gas Tariff. Such surcharges shall be deemed to be part of Shipper's Commodity Charge.

3. Discounted Rates.

Shipper shall pay the Maximum Commodity Rate for service under this rate schedule unless NBP offers to discount its rate to Shipper under this rate schedule. If NBP elects to discount its rate, NBP shall advise Shipper of the effective date of such charge and the quantity of gas so affected, provided, however, such discount shall not be anti-competitive or unduly discriminatory between individual Shippers. The rate for service under this rate schedule shall not be discounted below the Minimum Commodity Rate set forth on the Statement of Effective Rates and Charges for Transportation of Natural Gas.

4. Negotiated Rates.

Notwithstanding any provision of NBP's Tariff to the contrary, NBP and Shipper may mutually agree in writing to a Negotiated Rate (including a Negotiated Rate Formula) with respect to the rates, rate components, charges, or credits that are otherwise prescribed, required, established, or imposed by this Rate Schedule or by any other applicable provision of NBP's Tariff.

Shippers paying a Negotiated Rate which exceeds the maximum applicable tariff rate shall be considered to be paying the maximum applicable tariff rate for purposes of scheduling, curtailment, and interruption, and calculating the economic value of a request for available or unsubscribed capacity.

5. Backhauls.

Backhauls (as defined in Section 6.1 paragraph 26 of the General Terms and Conditions of Service) shall be subject to the same charges as forward haul (as defined in Section 6.1 paragraph 25 of the General Terms and Conditions of Service) except that no gas shall be retained by NBP for compressor station fuel, line loss and other unaccounted-for gas. Backhauls are subject to the operating conditions of NBP's pipeline and will not be made available to Shipper if NBP determines, in its sole discretion, that such transportation is operationally infeasible or otherwise not available.

5.2.4 RESERVED FOR FUTURE USE~~AUTHORIZED OVERRUNS~~

~~Quantities in excess of Shipper's MDQ shall be transported when capacity is available on the NBP system and when the provision of such Authorized OVERRUNS shall not affect any Shipper's rights on the NBP system. Authorized OVERRUNS are interruptible in nature. The rate charged shall be the rates and charges as specified in Section 5.2.3 of this rate schedule. Authorized OVERRUNS shall be subject to the priority of service provisions of Section 6.13 of the General Terms and Conditions of Service.~~

5.3.2 APPLICABILITY AND CHARACTER OF SERVICE

1. This Rate Schedule shall apply to service, which is rendered by NBP for Shipper pursuant to an executed PAL Service Agreement under this Rate Schedule.
2. Service under this Rate Schedule shall consist of either parking or lending of Gas during any Day or part thereof. Service rendered by NBP under this Rate Schedule shall be interruptible and shall consist of:
 - (a) **Parking Service.** Parking Service is an interruptible service which provides for (1) the receipt by NBP of Gas quantities delivered by Shipper to the Point(s) of Service agreed to by NBP and Shipper for receipt of parked quantities; (2) NBP holding the parked quantities on NBP's pipeline system; and (3) return of the parked quantities to Shipper at the agreed upon time and at the same Point(s) or other mutually agreed upon Point(s), provided, however, that NBP is not obligated to return parked quantities on the same Day and at the same Point the Gas is parked.
 - (b) **Lending Service.** Lending Service is an interruptible service which provides for (1) Shipper receiving Gas quantities from NBP at the Point(s) of Service agreed to by NBP and Shipper for delivery of loaned quantities of Gas; and (2) the subsequent return of the loaned quantities of Gas to NBP at the agreed upon time and at the same Point(s) or mutually agreed upon Point(s), provided, however, that NBP is not obligated to accept return of loaned Gas on the same Day and at the same Point the Gas is loaned.
 - (c) If the Shipper and NBP agree that Shipper may receive parked quantities or return loaned quantities at Point(s) other than the Point(s) of the park or loan, then Shipper and NBP shall enter into a separate Transportation Agreement(s) to effectuate receipt or delivery of Gas from or to the new Point(s).
3. Service rendered under this Rate Schedule shall be provided for a minimum of a one (1) Day term. The term shall be set forth on the Agreement executed between Shipper and NBP.
4. Transportation of Gas quantities for or on behalf of Shipper to or from the designated Point(s) of Service under the Transportation Agreement shall not be performed under this Rate Schedule. Shipper shall make any necessary arrangements with NBP and/or third parties to receive or deliver Gas quantities at the designated Points of Service for Parking or Lending Service hereunder.
5. Services rendered under this Rate Schedule shall be interruptible and subject to available capacity.

5.3.4 OPERATIONAL REQUIREMENTS OF NBP

1. Shipper may be required, upon notification from NBP, to cease or reduce deliveries to, or receipts from, NBP hereunder within a Day consistent with NBP's operating requirements. Further, Shipper may be required to return loaned quantities or remove parked quantities upon notification by NBP. Such notification shall at a minimum be provided by posting on NBP's Internet website, and may also be provided by other means of communication. NBP's notification shall specify the timeframe within which parked quantities shall be removed and/or loaned quantities shall be returned, consistent with NBP's operating conditions, but in no event shall the specified time be sooner than the next day after NBP's notification, subject to the following conditions:
 - (a) In the event that the specified time for removal or return of Gas quantities is the next Day, the timeframe for required removal or return shall begin from the time that Shipper receives notice from NBP. Notices provided after business hours for the next Day will be provided to Shipper via ~~e~~Electronic ~~c~~Communication. In the event that Shipper makes a timely and valid nomination in response to notification by NBP to remove parked quantities and/or return loaned quantities, Shipper shall be deemed to have complied with NBP's notification; and
 - (b) Unless otherwise agreed by Shipper and NBP: (i) any parked quantity not nominated for removal within a timeframe specified by NBP's notice shall become the property of NBP at no cost to NBP free and clear of any adverse claims; (ii) any loaned quantity not returned within the timeframe specified by NBP's notice shall be sold to Shipper at one hundred and fifty percent (150%) of the average weekly price of gas as calculated in Section 5.3.4 paragraph 3 below.
2. In the event parked quantities remain in NBP's Pipeline System and/or loaned quantities have not been returned to NBP's Pipeline System at the expiration of any Agreement executed by Shipper and NBP, NBP and Shipper may mutually agree to an extended timeframe and/or modified terms, including the rate, of such Agreement. In the event that Shipper and NBP are unable to come to such Agreement, NBP shall notify Shipper, and Shipper shall nominate for removal of the parked quantities and/or return of the loaned quantities within the timeframe specified in NBP's notice, which in no instance shall be less than one (1) Day. Any parked quantity not nominated for removal within the timeframe specified by NBP's notice shall become the property of NBP at no cost to NBP, free and clear of any adverse claims. Any loaned quantities not nominated to be returned within the time frame specified by NBP's notice shall be sold to Shipper at one hundred and fifty percent (150%) of the average weekly price of gas as calculated in Section 5.3.4 paragraph 3 below.
3. The price of gas will be equal to the SoCal Gas large packages average weekly price as reported in Gas Daily (Daily Price Survey).

4. All penalties assessed and the value of all gas confiscated pursuant to the terms of this Section 5.3.4 shall be credited back, net of costs, to all Shippers in accordance with Section 6.16.4 of the General Terms and Conditions of Service of this FERC Gas Tariff.

6.11 QUALIFYING FOR SERVICE

1. A prospective shipper desiring service on NBP's system must fully complete the Service Request Form request for service set out available through the customer activities link on NBP's Internet website. ~~Alternatively, a prospective shipper may request a hard copy of the Service Request Form by contacting NBP at the following location:~~

North Baja Pipeline, LLC
Marketing
717 Texas Street, Suite 2400
Houston, Texas 77002-2761
Phone: ~~503/833-4300, Option 2~~

2. ~~Submission of this Service Request Form will allow NBP to~~ will begin processing Shipper's request for service upon receipt, but does not guarantee service will be available. NBP will not provide service until Shipper has executed a Service Agreement. Shipper also shall be required to meet other provisions of this FERC Gas Tariff, including the creditworthiness requirements set forth in Section 6.12 of this FERC Gas Tariff. Pro forma Service Agreements for each service offered by NBP are set out in the Form of Service Agreement portion of this Tariff.

Shipper shall not be entitled to receive transportation service under this Tariff if Shipper is not current in its payments to NBP for any charge, rate or fee authorized by the Commission for transportation service; provided, however, if the amount not current pertains to a bonafide dispute, including but not limited to force majeure claims relating to this Tariff, Shipper shall be entitled to receive or continue to receive transportation service if Shipper posts a bond satisfactory to NBP to cover the payment due NBP.

3. Shipper's request for service shall be considered null and void if NBP has notified Shipper that Service Agreement is ready for execution and Shipper fails to execute the Service Agreement within fifteen (15) days thereafter.
4. Form: Shipper shall enter into a contract with NBP utilizing NBP's appropriate standard form of Transportation Service Agreement.

Term: The term of the Transportation Service Agreement shall be agreed upon between Shipper and NBP at the time of the execution thereof.

6.19.1 Eligibility to Release.

Any firm Shipper which contracts for firm transportation service under Part 284 of the Commission's regulations (Releasing Shipper) is eligible to release all or part of its capacity (Parcel) for use by another party (Replacement Shipper). Any Replacement Shipper, which has previously contracted for a Parcel, may also release its capacity to another party as a Secondary Release subject to the terms and conditions described herein.

Upon releasing a Parcel, consistent with the terms and conditions described herein, all Releasing Shippers shall remain ultimately liable for all reservation charges billable for the originally contracted service. The Releasing Shipper, whether a primary or secondary capacity holder, must post the capacity it seeks to release on NBP's Internet website prior to the close of the Posting Period defined herein.

A Releasing Shipper may release all or a portion of its capacity for the remaining term of its contract on either a temporary or permanent basis. In the event of a permanent capacity release by a Shipper paying the maximum recourse rate, the Right of First Refusal is conveyed to the Replacement Shipper for that portion permanently released. NBP may not unreasonably refuse to relieve the Releasing Shipper of liability under its contract and extinguish Releasing Shipper's contractual obligations to NBP with respect to that portion requested to be permanently released provided that: (1) the Replacement Shipper is creditworthy pursuant to NBP's credit standards; and (2) the rate paid by the Replacement Shipper is no less than the rate contracted between the Releasing Shipper and NBP for the remaining term of the contract or the maximum tariff rate, whichever is less. NBP may refuse to allow a permanent capacity release if it has a reasonable basis to conclude that it will not be financially indifferent to the release. If Shipper's request to permanently release capacity is denied by NBP, NBP shall notify Shipper in writing ~~of via e-mail and shall include in the notification~~ the reasons for such denial.

6.19.2 Types of Release.

A Releasing Shipper may release a Parcel for a term (Release Term) up to or equivalent to the remaining term under its service agreement with NBP. No rate cap applies to releases of capacity for a period of one year or less only when the release is to take effect on or before one year from the date on which the pipeline is notified of the release. Types of releases include:

NON-PREARRANGED - BIDDING REQUIRED

Capacity releases that are not prearranged require bidding.

PREARRANGED RELEASES - BIDDING REQUIRED

- (1) Unless capacity is released pursuant to either an asset management agreement or a state-approved retail access program, releases with terms greater than thirty-one (31) days and up to one year require bidding. This type of release allows a right of first refusal for the prearranged bidder. Bidding is pursuant to the methodology selected by the Releasing Shipper.
- (2) Unless capacity is released pursuant to either an asset management agreement or a state-approved retail access program, releases with terms greater than one year at a rate that is less than the maximum applicable tariff rate require bidding up to the maximum applicable tariff rate. This type of release allows a right of first refusal for the prearranged bidder. Bidding is pursuant to the methodology selected by the Releasing Shipper.

PREARRANGED RELEASES - BIDDING NOT REQUIRED

- (1) Releases for any period of thirty-one (31) days or less do not require bidding. Unless capacity is released pursuant to either an asset management agreement or a state-approved retail access program, a firm shipper may not roll over, extend, or in any way continue the release to the same replacement shipper using the 31 days or less bidding exemption until 28 days after the first release period has ended. The 28-day hiatus does not apply to any re-release to the same replacement shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding set forth herein.
- (2) A release for more than one year at the maximum applicable tariff rate does not require bidding.
- ~~(3) A permanent release of a long term contract at the maximum applicable tariff rate when the remaining term is less than three hundred and sixty five (365) days does not require bidding.~~

| (43) Asset Management Agreements. A release of capacity to an Asset Manager is exempt from bidding if the release contains a condition that the Releasing Shipper may call upon the Replacement Shipper to deliver to or purchase from the Releasing Shipper a volume of gas up to 100 percent of the daily contract demand of the released transportation capacity. If the capacity release is for a period of one year or less, the Asset Manager's delivery or purchase obligation must apply on any day during a minimum period of the lesser of five months (or 155 days) or the term of the release. If the capacity release is for a period of more than one year, the Asset Manager's delivery or purchase obligation must apply on any day during a minimum period of five months (or 155 days) of each twelve-month period of the release, and on five-twelfths of the days of any additional period of the release not equal to twelve months.

Payments or other consideration exchanged between the Releasing and Replacement Shippers in a release to an Asset Manager are not subject to the maximum rate.

| (54) Retail Access Programs. A release to a marketer participating in a state-regulated retail access program is exempt from bidding when the released capacity will be utilized by the Replacement Shipper to provide the gas supply requirement of retail customers pursuant to a retail access program approved by the state agency with jurisdiction over the local distribution company that provides delivery service to such retail customers.

6.19.3 Notice Requirements.

Any Releasing Shipper electing to release capacity shall submit a notice via NBP's Internet website that it elects to release firm capacity. The notice shall set forth the following information:

- (a) Releasing Shipper's legal name, contract number, and the name, ~~e-mail title, address, and telephone number, and fax number~~ of the individual responsible for authorizing the release of capacity.
- (b) Rate schedule of the Releasing Shipper.
- (c) In accordance with NAESB Standard 5.3.26, the Releasing Shipper should specify which one of the following methods is acceptable for bidding on a given capacity release offer:
 - Non-Index-based release – dollar and cents,
 - Non-Index-based release – percentage of maximum rate, or
 - Index-based formula as detailed in the capacity release offer.

In accordance with NAESB Standard 5.3.27, for purposes of bidding and awarding, maximum/minimum rates specified by the Releasing Shipper should include the tariff reservation rate and all demand surcharges, as a total number or as stated separately. If a volumetric rate is used, Releasing Shipper must indicate whether bids on a reservation charge basis will be accepted as well and if so must specify the method of evaluating the two types of bids.

- (d) Daily quantity of capacity to be released, expressed in Dth/d, at the designated delivery point(s). (This must not exceed Releasing Shipper's maximum contract demand available for capacity release and shall state the minimum quantity expressed in Dth/d acceptable for release.)
- (e) The term of the release, identifying the date release is to begin and terminate. The minimum release term acceptable to NBP shall be one (1) day.
- (f) Whether the Releasing Shipper is willing to consider release for a shorter period of time than that specified in (e) above and if so, the minimum acceptable period of release.
- (g) The receipt and delivery point(s).
- (h) Whether Option 1, 2, 3 or ~~3-4~~ shall be used to determine the highest valued bid (see Section 6.19.7(a) for a description of bid evaluation options ~~Options 1, 2, and 3~~).

- (i) Whether the Releasing Shipper wants NBP to market its released capacity.
- (j) Whether the Releasing Shipper requests to waive the creditworthiness requirements and agrees in such event to remain liable for all charges.
- (k) Whether Releasing Shipper is an energy affiliate or other affiliate of NBP.
- (l) If release is a prearranged release, the Prearranged Shipper must be qualified pursuant to the criteria of Section 6.19.6(a) unless waived above. Releasing Shipper shall include the Prearranged Shipper bid information pursuant to Section 6.19.6(b) with its release information and shall indicate whether the Prearranged Shipper is affiliated with NBP or the Releasing Shipper.
- (m) Any special nondiscriminatory terms and conditions applicable to the release, such as whether the Replacement Shipper will be prohibited from changing Primary Points.
- (n) Tie-breaker method preferred: (1) pro rata, (2) lottery, ~~(3) order of submission (first-come/first-serve), (4) other. Other method must be objectively stated, administratively feasible as determined by NBP and nondiscriminatory.~~ If no method is selected, the system defaults to pro rata.
- (o) Recall provisions. These provisions must be objectively stated, nondiscriminatory, and applicable to all bidders, operationally and administratively feasible as determined by NBP and in accordance with NBP's tariff.
- (p) The minimum rate (percentage of: reservation charge or a volumetric equivalent of the maximum reservation charge applicable to the Parcel on a one hundred percent (100%) load-factor basis) acceptable to Releaser for this Parcel.
- (q) Whether the Releasing Shipper is willing to accept contingent bids that extend beyond the close of the Bid Period and, if so, any nondiscriminatory terms and conditions applicable to such contingencies including the date by which such contingency must be satisfied (which date shall not be later than the last day upon which NBP must award capacity) and whether, or for what time period, the next highest bidder(s) will be obligated to acquire the capacity should the winning contingent bidder be unable to satisfy the contingency specified in its bid.
- (r) Whether the Releasing Shipper wants to specify a longer bidding period for its Parcel than specified at Section 6.19.8.

6.19.5 Posting of a Parcel.

The posting of a Parcel constitutes an offer to release the capacity provided a willing Replacement Shipper submits a valid bid consistent with NBP's General Terms and Conditions of Service. The posting must contain the information contained in Section 6.19.3. Any specific conditions posted by the Releasing Shipper must be operationally feasible, nondiscriminatory to other shippers, and in conformance with NBP's tariffs. If the Parcel is being released as a Secondary Release, then any recall provisions included in the primary release which may affect the re-release of this capacity must be included in the terms and conditions of the Secondary Release. Each Parcel will be reviewed by NBP prior to posting on the Internet website for bidding. The receipt of a valid release will be acknowledged in the form of an email to the Releasing Shipper.

It is the Releasing Shipper's sole responsibility to provide release and Prearranged Shipper bid information in advance of the close of the Posting Period.

Releasing Shippers who elect to include, as part of their release, nondiscriminatory recall provisions and/or special terms and conditions are required to submit their request to release capacity with sufficient time prior to the close ~~by at least two (2) business days before the close~~ of the Posting Period as stated in Section 6.19.8. ~~This is to ensure adequate time~~ for NBP to review and validate that any recall and/or special terms and conditions are not discriminatory.

All Prearranged Shipper bids are subject to the Prearranged Shipper(s) meeting the preliminary qualifications as defined in Section 6.19.6(a) for Replacement Shippers.

A Parcel may be revised or withdrawn by the Releasing Shipper at any time prior to the close of the Posting Period. A Parcel cannot be revised after the close of the Posting Period. In accordance with NAESB Standard 5.3.14, offers should be binding until notice of withdrawal is received by NBP on its Internet website.

~~Parcels may be withdrawn subsequent to the close of the Posting Period and up until the close of the Bid Period only in situations where the Releasing Shipper has an unanticipated need for the capacity. In such instances, Releasing Shipper shall notify NBP electronically of its need to withdraw the Parcel due to an unanticipated need for the capacity. The withdrawal or revision of a Parcel will terminate all bids submitted for that Parcel to date. Replacement Shippers will need to resubmit their bids for the Parcel if the Parcel is resubmitted for release.~~

6.19.6 Bidding for a Parcel.

(a) Preliminary Qualification.

Replacement Shippers are encouraged to pre-qualify in advance of any postings on NBP's Internet website as credit requirements will take differing amounts of time to process depending on the particular financial profile of Replacement Shippers. The pre-qualification process will authorize a pre-set maximum monthly financial exposure level for the Replacement Shipper. Such exposure levels may be adjusted by NBP periodically re-evaluating a Replacement Shipper's credit-worthiness.

Releasing Shippers may exercise their option to waive the credit requirements for any Replacement Shipper wishing to bid on a Parcel posted by that Releasing Shipper. Such waiver must be made on a nondiscriminatory basis. NBP must be informed of such waiver via the Internet website before it will authorize such Replacement Shipper's participation with respect to that particular Parcel. In this instance, no pre-set maximum monthly financial exposure level is applicable.

Should a Releasing Shipper waive the credit requirements for a Replacement Shipper, the Releasing Shipper shall be liable for all charges incurred by the Replacement Shipper in the event such Replacement Shipper defaults on payment to NBP for such capacity release service.

Any potential Replacement Shipper may submit a bid for parcels posted for release. NBP will determine the highest valued bid, based on the bid evaluation method selected by the Releasing Shipper, and verify that the Shipper placing the bid meets NBP's credit requirements before awarding the parcel. Upon notification by NBP of an award of a parcel, NBP shall complete a new FTS-1 contract with the particulars of the awarded parcel and Replacement Shipper shall execute this new contract electronically ~~through the use of an authorization code procedure on NBP's Internet website.~~

Once a Replacement Shipper has acquired capacity, authority is granted to the Replacement Shipper to release that capacity, unless the Releasing Shipper has specified that the parcel cannot be re-released.

The execution of the FTS-1 service agreement will constitute an obligation on the part of the Replacement Shipper to be bound by the terms and conditions of NBP's capacity release program as set forth in these General Terms and Conditions of Service.

(b) Submitting a Bid.

All bids must be submitted through the use of NBP's Internet website. Such bids shall be "open" for all participants to review. The particulars of all bids will be available for review but not the identity of bidders. NBP will post the identity of the winning bidder(s) only.

A Replacement Shipper cannot request that its bid be "closed", nor can a Releasing Shipper specify that "closed" bids be submitted on its releases. A Replacement Shipper may submit only one bid per Parcel posted at any one point in time. Bids received after the close of the Bid Period shall be invalid. The Replacement Shipper may bid for no more than the quantity of the Parcel posted by the Releasing Shipper. Simultaneous bids for more than one Parcel are permitted.

A valid bid to contract for a Parcel must contain the following information:

- (i) Replacement Shipper's legal name, adresse-mail, telephone ~~and fax~~ numbers and the name ~~and title~~ of the individual responsible for authorizing the bid.
- (ii) The identification of the Parcel bid on.
- (iii) Term of service requested. The term of service must not exceed the term included in the Parcel.
- (iv) Percentage of the applicable maximum rate, or price in dollars and cents per Dth/d, as identified in the Parcel, that the Replacement Shipper is willing to pay for non-index-based releases or the index-based formula as detailed in the capacity release offer. A Replacement Shipper may not bid below the minimum applicable charge or rate. The bids for the given capacity release offer should adhere to the method specified by the Releasing Shipper. The bidder may bid the maximum reservation rate, in NBP's Tariff, as an alternative to the method specified by the Releasing Shipper, except when the release is index-based for a term of one year or less or utilizes market-based rates.
- (v) The quantity desired not to exceed the quantity contained in the Parcel, expressed on a Dth/d delivered basis and greater than the minimum quantity acceptable to Replacement Shipper.
- (vi) A statement as to whether or not Replacement Shipper is an affiliate of the Releasing Shipper.

- (vii) An affirmative statement that Replacement Shipper agrees to be bound by the terms and conditions of Rate Schedule FTS-1 and NBP's capacity release provisions in its tariff.
 - (viii) Whether the bid is a contingent bid and the contingencies which must be satisfied by the date specified by the Releasing Shipper in its posting of the Parcel.
- (c) Confirmation of Bids.

The receipt of a valid bid by NBP will be acknowledged by NBP electronically~~the Issuance of a bid confirmation in the form of an email to the Replacement Shipper.~~ It is the Replacement Shipper's sole responsibility to verify the correctness of the submitted bid and to take any corrective action necessary by resubmitting a bid when notified of an invalid or incomplete bid by NBP via the Internet website. This must be done before the close of the Bid Period.

- (d) Withdrawal or Revision of Bids.

A previously submitted bid may be withdrawn or revised and resubmitted at any time prior to the close of the Bid Period with no obligation on the Replacement Shipper's part. In accordance with NAESB Standard 5.3.15, bids cannot be withdrawn after the bid period ends. Resubmitted bids must be equal to or greater in value than the initial bids. Lower valued bids will be invalid. In accordance with NAESB Standard 5.3.13, bids should be binding until notice of withdrawal is received by NBP on its Internet website.

6.19.7 Allocation of Parcels.

(a) Primary Allocation.

In accordance with NAESB Standard 5.3.3, winning bids for Parcels shall be awarded based on one of the following three (3) options to be selected by the Releasing Shipper when posting a Parcel:

Option 1 - Highest Rate Equivalent

Bids will be given priority based on the maximum rate bid as represented by (1) a Replacement Shipper's bid of the percentage of the Transporter's maximum authorized reservation charge or a volumetric equivalent of the maximum reservation charge applicable to the Parcel on a 100% load factor basis, or (2) a Replacement Shipper's bid in terms of absolute dollars and cents per Dth.

Option 2 - Present Value

Bids will be given priority based on the net present value per Dth for the term of the bid according to the following formula:

$$\text{Present Value per} = P * R * \frac{(1 + i)^n - 1}{i(1 + i)^n}$$

where:

P = percent of the maximum authorized rate or charge that the Replacement Shipper is willing to pay.

R = Rate or charge calculated as: The maximum authorized reservation charge [or a volumetric equivalent of the maximum reservation charge applicable to the Parcel on a one hundred percent (100%) load factor basis] in effect at the time of the bid for service from the same receipt point to the same delivery point under the Releasing Shipper's rate schedule.

For short-term capacity releases not subject to a rate cap, P * R shall equal a Replacement Shipper's bid in terms of absolute dollars and cents per Dth.

i = FERC's annual interest rate divided by 12.

n = number of periods for which the bidder wishes to contract, not to exceed the maximum periods to be released by the Releasing Shipper. For releases greater than or equal to one (1) month, the period is the number of months. For releases less than one (1) month the period is the number of days.

A bid queue will be maintained for each individual Parcel.

Option 3 - Net Revenue-

Bids will be given priority based on the net revenue for the term of the bid.

If Releasing Shipper does not specify an option for determining best bid, Option 2 will be the default option used.

Under all options, NBP will evaluate and rank all bids for Parcels. For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology.

Option 4 – Other

The Releasing Shipper may establish a method for evaluation of the highest value bid. The Releasing Shipper must specify the evaluation method and provide an example of the evaluation method with each individual Parcel. In this event, NBP shall evaluate the bids in accordance with the Releasing Shipper's method and allocate the capacity to the highest value bid. The Releasing Shipper's bid evaluation methodology must be objective and non-discriminatory. In the event the Releasing Shipper does not specify how capacity will be allocated when there are multiple highest valued bids, the capacity will be allocated on a pro rata basis.

(b) Right of First Refusal.

In the case of a Prearranged Shipper's bid for a Parcel, at a rate other than at the highest valued bid, pursuant to the methodology specified by the Releasing Shipper, if the bid submitted by a subsequent Replacement Shipper exceeds the value of the Prearranged Shipper's bid, the Prearranged Shipper will be allowed to match the higher valued bid. The Prearranged Shipper will be allowed a match period, as specified in Section 6.19.8, to match the higher valued bid, otherwise, the allocation will be awarded to subsequent Replacement Shipper(s) in accordance with the primary and secondary allocation mechanisms.

(c) Secondary Allocation.

To the extent there is more than one Replacement Shipper submitting a winning bid, the Parcel shall be allocated based on one of the following tie-breaker

methodologies to be selected by the Releasing Shipper: pro rata, lottery, order of submission (first come/first serve), or by a method designated by the Releasing Shipper. Releasing Shipper's method must be objectively stated, applicable to all bidders, nondiscriminatory, administratively feasible as determined by NBP and in accordance with NBP's FERC Gas Tariff.

(d) Confirmation of Allocation.

Upon each completion of an allocation, the successful Replacement Shipper(s) will be notified of the terms under which they have contracted for the awarded Parcel. The notification will be provided in the form of an e-mail to the Replacement Shipper(s). Such notification will be sent within one (1) hour of completion of the allocation. The notice will include the Replacement Shipper's Rate Schedule FTS-1 service agreement number and the pertinent terms of the Replacement Shipper's bid as well as any additional terms specified by the Releasing Shipper. The Releasing Shipper will be notified of the terms under which its Parcel has been awarded. The notification will be provided in the form of an email to the Releasing Shipper. The notification will include all of the pertinent terms of the Releasing Shipper's Parcel.

(e) Purging of Expired Bids.

All unfulfilled bids, as well as any unfulfilled portions of bids, which receive a partial award, will become ineffective as of the completion of bid reconciliation and the close of the Bid Period. ~~Each unsuccessful Replacement Shipper that has bid shall receive a notice by email indicating the ineffectiveness of the bid.~~

FORM OF SERVICE AGREEMENT - FIRM TRANSPORTATION

FORM OF SERVICE AGREEMENT

APPLICABLE TO FIRM TRANSPORTATION SERVICE
OFFERED BY NORTH BAJA PIPELINE, LLC
UNDER RATE SCHEDULE FTS-1

THIS AGREEMENT is made and entered into this ____ day of _____, 20__, by and between North Baja Pipeline, LLC, a Delaware Limited Liability Company (hereinafter referred to as "NBP"), and _____ (hereinafter referred to as "Shipper").

WHEREAS, NBP owns and operates an interstate natural gas pipeline; and

WHEREAS, Shipper desires NBP, on a firm basis, to transport certain quantities of natural gas from _____ to _____; and

WHEREAS, NBP is willing to transport certain quantities of natural gas for Shipper, on a firm basis,

NOW, THEREFORE, the parties agree as follows:

I
Governmental Authority

1. This Firm Transportation Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission (FERC) contained in 18 CFR Part 284, as amended from time to time.
2. Shipper shall reimburse NBP for any and all filing fees incurred by NBP specific to Shipper in seeking governmental authorization for the initiation of any new service or extension, or termination of service under this Agreement and Rate Schedule FTS-1. Shipper shall reimburse NBP for such fees at NBP's designated office within ten (10) days of receipt of notice from NBP that such fees are due and payable. Additionally, Shipper shall reimburse NBP for any and all penalty fees or fines assessed NBP caused by the negligence of Shipper in not obtaining all proper domestic and Mexican import/export licenses, surety bonds or any other documents and approvals related to the domestic exportation and subsequent Mexican importation of natural gas transported by NBP hereunder.

II
Quantity of Gas and Points of Receipt and Delivery

1. The maximum quantities of gas to be delivered by NBP for Shipper's account at the point(s) of delivery are set forth in Exhibit A, attached hereto, incorporated herein by reference and made a part hereof for all purposes.
2. The point(s) of receipt and delivery are as designated in Exhibit A.

III
~~Term of Agreement~~

1. ~~This Agreement shall become effective~~ Service shall commence on _____, and shall continue in full force and effect until _____.

(if applicable)

Shipper shall be entitled to the right of first refusal provided for in Section 6.10 of the General Terms and Conditions of Service of NBP's Tariff, notwithstanding the fact that Shipper would otherwise be ineligible for this right under Section 6.10.

(if applicable)

Thereafter, this Agreement shall continue in full force and effect for an additional term of _____ unless _____ gives at least _____ prior written notice of its desire to terminate this Agreement. Under this evergreen provision, parties capable of giving notice of termination may include only Shipper (unilateral evergreen) or may include both Shipper and NBP (bilateral evergreen).

IV
Rate(s), Rate Schedules,
and General Terms and Conditions of Service

1. Shipper shall pay NBP each month for services rendered pursuant to this Agreement in accordance with NBP's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC.

In the event NBP and Shipper mutually agree on a rate other than the Recourse Rate, that rate, and any provisions governing such rate, shall be set forth herein.

2. This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule FTS-1, or superseding rate schedule(s) and to the applicable General Terms and Conditions of Service of NBP's FERC Gas Tariff on file with the FERC, all of which are by this reference made a part hereof.

3. Upon notice to Shipper, NBP shall have the right to file with the FERC any changes in the terms or rates/charges applicable to any of its Rate Schedules, General Terms and Conditions of Service or Form of Service Agreement as NBP may deem necessary, and to make such changes effective at such times as NBP desires and is possible under applicable law. Shipper may protest any filed changes before FERC and exercise any other rights it may have with respect thereto.

V
Miscellaneous

1. This Agreement shall be interpreted according to the laws of the State of California.
2. Shipper warrants that upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised the upstream and downstream transporters of the receipt and delivery points under this Agreement and any quantity limitations for each point as specified on Exhibit A attached hereto.
3. Shipper agrees to indemnify and hold NBP harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement.
4. Unless herein provided to the contrary, all notices and communications with respect to this Agreement shall be in writing by mail, e-mail, or fax, or other means as agreed to by the parties, and sent to the addresses stated below or to any other such address(es) as may be designated in writing by mail, e-mail, or fax, or other means similarly agreed to:

"NORTH BAJA PIPELINE, LLC"
717 Texas Street, Suite 2400
Houston, Texas 77002-2761
Attention: Commercial Services

"Shipper"

Attention: _____

5. All waivers shall be in writing, and such waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.

6. This Agreement may only be amended by an instrument in writing executed by both parties hereto. In no event shall this Agreement be modified by course of performance, course of dealing or usage of trade.
7. Nothing in this Agreement shall be deemed to create any rights or obligations between the parties hereto after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to NBP.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

NORTH BAJA PIPELINE, LLC

By: _____
Name: _____
Title: _____

SHIPPER

By: _____
Name: _____
Title: _____

FORM OF SERVICE AGREEMENT - YUMA LATERAL FIRM TRANSPORTATION

FORM OF SERVICE AGREEMENT

APPLICABLE TO FIRM TRANSPORTATION SERVICE
OFFERED BY NORTH BAJA PIPELINE, LLC
UNDER RATE SCHEDULE FTS-1 LATERAL RATE SCHEDULE (LAT-1)

THIS AGREEMENT is made and entered into this ____ day of _____, 20__, by and between North Baja Pipeline, LLC, a Delaware Limited Liability Company (hereinafter referred to as "NBP"), and

_____ (hereinafter referred to as "Shipper").

WHEREAS, NBP owns and operates an interstate natural gas pipeline; and

WHEREAS, Shipper desires NBP, on a firm basis, to transport certain quantities of natural gas from _____ to _____; and

WHEREAS, NBP is willing to transport certain quantities of natural gas for Shipper, on a firm basis,

NOW, THEREFORE, the parties agree as follows:

I
Governmental Authority

1. This Firm Transportation Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission ("FERC") contained in 18 CFR Part 284, as amended from time to time.
2. Shipper shall reimburse NBP for any and all filing fees incurred by NBP specific to Shipper in seeking governmental authorization for the initiation of any new service or extension, or termination of service under this Agreement and Rate Schedule FTS-1. Shipper shall reimburse NBP for such fees at NBP's designated office within ten (10) days of receipt of notice from NBP that such fees are due and payable. Additionally, Shipper shall reimburse NBP for any and all penalty fees or fines assessed NBP caused by the negligence of Shipper in not obtaining all proper domestic and Mexican import/export licenses, surety bonds or any other documents and approvals related to the domestic exportation and subsequent Mexican importation of natural gas transported by NBP hereunder.

II

Quantity of Gas and Points of Receipt and Delivery

1. The maximum quantities of gas to be delivered by NBP for Shipper's account at the point(s) of delivery are set forth in Exhibit A, attached hereto, incorporated herein by reference and made a part hereof for all purposes.
2. The point(s) of receipt and delivery are as designated in Exhibit A.

III

Term of Agreement

1. ~~This Agreement shall become effective~~ Service shall commence on _____, and shall continue in full force and effect until _____.

(if applicable)

Shipper shall be entitled to the right of first refusal provided for in Section 6.10 of the General Terms and Conditions of Service of NBP's Tariff, notwithstanding the fact that Shipper would otherwise be ineligible for this right under Section 6.10.

(if applicable)

Thereafter, this Agreement shall continue in full force and effect for an additional term of _____ unless _____ gives at least _____ prior written notice of its desire to terminate this Agreement. Under this evergreen provision, parties capable of giving notice of termination may include only Shipper (unilateral evergreen) or may include both Shipper and NBP (bilateral evergreen).

IV

Rate(s), Rate Schedule(s), and General Terms and Conditions of Service

1. Shipper shall pay NBP each month for services rendered pursuant to this Agreement in accordance with NBP's Rate Schedule FTS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC.

In the event NBP and Shipper mutually agree on a rate other than the Recourse Rate, that rate, and any provisions governing such rate, shall be set forth herein.

2. This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule FTS-1, or superseding rate schedule(s) and to the applicable General Terms and Conditions of Service of NBP's FERC Gas Tariff on file with the FERC, all of which are by this reference made a part hereof.

3. Upon notice to Shipper, NBP shall have the right to file with the FERC any changes in the terms or rates/charges applicable to any of its Rate Schedules, General Terms and Conditions of Service or Form of Service Agreement as NBP may deem necessary, and to make such changes effective at such times as NBP desires and is possible under applicable law. Shipper may protest any filed changes before FERC and exercise any other rights it may have with respect thereto.

4. The following provision is ___/is not___ applicable to this Agreement:
In addition to the rate established for the NBP-Yuma Lateral, in accordance with Section 6.6 paragraph 3 of NBP's General Terms and Conditions of Service, Shipper also agrees to pay any Third Party Charges which may be incurred by NBP for transportation services on the Gasoducto Rosarito ("GR")-Algodones Lateral necessary to provide transportation services on the GR-Algodones Lateral as provided in Exhibit A.

V
Miscellaneous

1. This Agreement shall be interpreted according to the laws of the State of California.

2. Shipper agrees to indemnify and hold NBP harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement consistent with NBP's tariff.

3. Unless herein provided to the contrary, all notices and communications with respect to this Agreement shall be in writing by mail, e-mail, or fax, or other means as agreed to by the parties, and sent to the addresses stated below or to any other such address(es) as may be designated in writing by mail, e-mail, or fax or other means similarly agreed to:

"NORTH BAJA PIPELINE, LLC"
717 Texas Street, Suite 2400
Houston, Texas 77002-2761
Attention: Commercial Services

"Shipper"

Attention: _____

4. All waivers shall be in writing, and such waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.

5. This Agreement may only be amended by an instrument in writing executed by both parties hereto. In no event shall this Agreement be modified by course of performance, course of dealing or usage of trade.
6. Nothing in this Agreement shall be deemed to create any rights or obligations between the parties hereto after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to NBP.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

NORTH BAJA PIPELINE, LLC

By: _____
Name: _____
Title: _____

SHIPPER

By: _____
Name: _____
Title: _____

FORM OF SERVICE AGREEMENT - INTERRUPTIBLE TRANSPORTATION

FORM OF SERVICE AGREEMENT

APPLICABLE TO INTERRUPTIBLE TRANSPORTATION SERVICE
OFFERED BY NORTH BAJA PIPELINE, LLC
UNDER RATE SCHEDULE ITS-1

THIS AGREEMENT is made and entered into this ____ day of _____, 20__, by and between North Baja Pipeline, LLC, a Delaware Limited Liability Company (hereinafter referred to as "NBP"), and

_____ (hereinafter referred to as "Shipper").

WHEREAS, NBP owns and operates an interstate natural gas pipeline; and

WHEREAS, Shipper desires NBP, on an interruptible basis, to transport certain quantities of natural gas from _____ to _____; and

WHEREAS, NBP is willing to transport certain quantities of natural gas for Shipper, on an interruptible basis,

NOW, THEREFORE, the parties agree as follows:

I

Governmental Authority

1. This Interruptible Transportation Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission (FERC) contained in 18 CFR Part 284, as amended from time to time.
2. Shipper shall reimburse NBP for any and all filing fees incurred by NBP specific to Shipper in seeking governmental authorization for the initiation of any new service or extension, or termination of service under this Agreement and Rate Schedule ITS-1. Shipper shall reimburse NBP for such fees at NBP's designated office within ten (10) days of receipt of notice from NBP that such fees are due and payable.

Additionally, Shipper shall reimburse NBP for any and all penalty fees or fines assessed NBP caused by the negligence of Shipper in not obtaining all proper domestic and Mexican import/export licenses, surety bonds or any other documents and approvals related to the domestic exportation and subsequent Mexican importation of natural gas transported by NBP hereunder.

~~II~~
~~Quantity of Gas and Points of Receipt and Delivery~~

- ~~1. The service under this Agreement shall be conditioned upon the availability of capacity sufficient to provide the service without detriment or disadvantage to those customers of NBP that have a higher priority of service.~~
- ~~2. The maximum quantities of gas to be delivered by NBP for Shipper's account at the point(s) of delivery are set forth in Exhibit A, attached hereto, incorporated herein by reference and made a part hereof for all purposes.~~
- ~~3. The point(s) of receipt and delivery are as designated in Exhibit A.~~

~~III~~
~~Term of Agreement~~

- ~~1. This Agreement shall become effective~~Service shall commence on _____, and shall continue in full force and effect month to month thereafter, until terminated by Shipper or NBP upon thirty (30) days written notice until _____.

(if applicable)

~~Thereafter, this Agreement shall continue in full force and effect for an additional term of _____ unless _____ gives at least _____ prior written notice of its desire to terminate this Agreement. Under this evergreen provision, parties capable of giving notice of termination may include only Shipper (unilateral evergreen) or may include both Shipper and NBP (bilateral evergreen).~~

~~IIIIV~~
Rate(s), Rate Schedules,
and General Terms and Conditions of Service

1. Shipper shall pay NBP each month for services rendered pursuant to this Agreement in accordance with NBP's Rate Schedule ITS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC.

In the event NBP and Shipper mutually agree on a rate other than the Recourse Rate, that rate, and any provisions governing such rate, shall be set forth herein.

2. This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule ITS-1, or superseding rate schedule(s) and to the applicable General Terms and Conditions of Service of NBP's FERC Gas Tariff on file with the FERC, all of which are by this reference made a part hereof.

3. Upon notice to Shipper, NBP shall have the right to file with the FERC any changes in the terms or rates/charges applicable to any of its Rate Schedules, General Terms and Conditions of Service or Form of Service Agreement as NBP may deem necessary, and to make such changes effective at such times as NBP desires and is possible under applicable law. Shipper may protest any filed changes before FERC and exercise any other rights it may have with respect thereto.
4. The service under this Agreement shall be conditioned upon the availability of capacity sufficient to provide the service without detriment or disadvantage to those customers of NBP that have a higher priority of service.

IV
Miscellaneous

1. This Agreement shall be interpreted according to the laws of the State of California.
2. Shipper warrants that upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service, ~~and that it has advised the upstream and downstream transporters of the receipt and delivery points under this Agreement and any quantity limitations for each point as specified on Exhibit A attached hereto.~~
3. Shipper agrees to indemnify and hold NBP harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement.
4. Unless herein provided to the contrary, all notices and communications with respect to this Agreement shall be in writing by mail, e-mail, or fax, or other means as agreed to by the parties, and sent to the addresses stated below or to any other such address(es) as may be designated in writing by mail, e-mail, or fax, or other means similarly agreed to:

"NORTH BAJA PIPELINE, LLC"
717 Texas Street, Suite 2400
Houston, Texas 77002-2761
Attention: Commercial Services

"Shipper"

Attention: _____

5. All waivers shall be in writing, and such waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.
6. This Agreement may only be amended by an instrument in writing executed by both parties hereto. In no event shall this Agreement be modified by course of performance, course of dealing or usage of trade.
7. Nothing in this Agreement shall be deemed to create any rights or obligations between the parties hereto after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to NBP.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

NORTH BAJA PIPELINE, LLC

By: _____
Name: _____
Title: _____

SHIPPER

By: _____
Name: _____
Title: _____

~~EXHIBIT A~~ RESERVED FOR FUTURE USE

~~TO THE INTERRUPTIBLE TRANSPORTATION AGREEMENT~~

Dated _____

Between ~~NORTH BAJA PIPELINE, LLC,~~

and _____

_____	_____	Maximum Daily
_____	_____	Quantity
Receipt	Delivery	(Delivered)
Point	Point	Dth/d

FORM OF SERVICE AGREEMENT - YUMA LATERAL INTERRUPTIBLE
TRANSPORTATION

FORM OF SERVICE AGREEMENT

APPLICABLE TO INTERRUPTIBLE TRANSPORTATION SERVICE
OFFERED BY NORTH BAJA PIPELINE, LLC
UNDER RATE SCHEDULE ITS-1 LATERAL RATE SCHEDULE (LAT-1)

THIS AGREEMENT is made and entered into this _____ day of _____, 20__, by and between North Baja Pipeline, LLC, a Delaware Limited Liability Company (hereinafter referred to as "NBP"), and

_____ (hereinafter referred to as "Shipper").

WHEREAS, NBP owns and operates an interstate natural gas pipeline; and

WHEREAS, Shipper desires NBP, on an interruptible basis, to transport certain quantities of natural gas from _____ to _____; and

WHEREAS, NBP is willing to transport certain quantities of natural gas for Shipper, on an interruptible basis,

NOW, THEREFORE, the parties agree as follows:

I

Governmental Authority

1. This Interruptible Transportation Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission ("FERC") contained in 18 CFR Part 284, as amended from time to time.
2. Shipper shall reimburse NBP for any and all filing fees incurred by NBP specific to Shipper in seeking governmental authorization for the initiation of any new service or extension, or termination of service under this Agreement and Rate Schedule ITS-1. Shipper shall reimburse NBP for such fees at NBP's designated office within ten (10) days of receipt of notice from NBP that such fees are due and payable. Additionally, Shipper shall reimburse NBP for any and all penalty fees or fines assessed NBP caused by the negligence of Shipper in not obtaining all proper domestic and Mexican import/export licenses, surety bonds or any other documents and approvals related to the domestic exportation and subsequent Mexican importation of natural gas transported by NBP hereunder.

~~II~~

~~Quantity of Gas and Points of Receipt and Delivery~~

- ~~1. The service under this Agreement shall be conditioned upon the availability of capacity sufficient to provide the service without detriment or disadvantage to those customers of NBP that have a higher priority of service.~~
- ~~2. The maximum quantities of gas to be delivered by NBP for Shipper's account at the point(s) of delivery are set forth in Exhibit A, attached hereto, incorporated herein by reference and made a part hereof for all purposes.~~
- ~~3. The point(s) of receipt and delivery are as designated in Exhibit A.~~

~~III~~

~~Term of Agreement~~

- ~~1. This Agreement shall become effective~~Service shall commence on _____, and shall continue in full force and effect month to month thereafter, until terminated by Shipper or NBP upon thirty (30) days written notice until _____.

~~(if applicable)~~

~~Thereafter, this Agreement shall continue in full force and effect for an additional term of _____ unless _____ gives at least _____ prior written notice of its desire to terminate this Agreement. Under this evergreen provision, parties capable of giving notice of termination may include only Shipper (unilateral evergreen) or may include both Shipper and NBP (bilateral evergreen).~~

~~IVIII~~

~~Rate(s), Rate Schedule(s),
and General Terms and Conditions of Service~~

1. Shipper shall pay NBP each month for services rendered pursuant to this Agreement in accordance with NBP's Rate Schedule ITS-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC.

In the event NBP and Shipper mutually agree on a rate other than the Recourse Rate, that rate, and any provisions governing such rate, shall be set forth herein.

2. This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule ITS-1, or superseding rate schedule(s) and to the applicable General Terms and Conditions of Service of NBP's FERC Gas Tariff on file with the FERC, all of which are by this reference made a part hereof.

3. Upon notice to Shipper, NBP shall have the right to file with the FERC any changes in the terms or rates/charges applicable to any of its Rate Schedules, General Terms and Conditions of Service or Form of Service Agreement as NBP may deem necessary, and to make such changes effective at such times as NBP desires and is possible under applicable law. Shipper may protest any filed changes before FERC and exercise any other rights it may have with respect thereto.
4. The service under this Agreement shall be conditioned upon the availability of capacity sufficient to provide the service without detriment or disadvantage to those customers of NBP that have a higher priority of service.
45. The following provision is ___/is not___ applicable to this Agreement: In addition to the rate established for the NBP-Yuma Lateral, in accordance with Section 6.6 paragraph 3 of NBP's General Terms and Conditions of Service, Shipper also agrees to pay any Third Party Charges which may be incurred by NBP for transportation services on the Gasoducto Rosarito ("GR") - Algodones Lateral necessary to provide transportation service on the GR-Algodones Lateral ~~as provided in Exhibit A.~~

IV
Miscellaneous

1. This Agreement shall be interpreted according to the laws of the State of California.
2. Shipper agrees to indemnify and hold NBP harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement consistent with NBP's tariff.
3. Unless herein provided to the contrary, all notices and communications with respect to this Agreement shall be in writing by mail, e-mail, or fax, or other means as agreed to by the parties, and sent to the addresses stated below or to any other such address(es) as may be designated in writing by mail, e-mail, or fax, or other means similarly agreed to:

"NORTH BAJA PIPELINE, LLC"
717 Texas Street, Suite 2400
Houston, Texas 77002-2761
Attention: Commercial Services

"Shipper"

Attention: _____

4. All waivers shall be in writing, and such waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.
5. This Agreement may only be amended by an instrument in writing executed by both parties hereto. In no event shall this Agreement be modified by course of performance, course of dealing or usage of trade.
6. Nothing in this Agreement shall be deemed to create any rights or obligations between the parties hereto after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to NBP.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

NORTH BAJA PIPELINE, LLC

By: _____
Name: _____
Title: _____

SHIPPER

By: _____
Name: _____
Title: _____

~~EXHIBIT A~~ RESERVED FOR FUTURE USE

~~TO THE YUMA LATERAL INTERRUPTIBLE TRANSPORTATION SERVICE
AGREEMENT~~

Dated _____

Between ~~NORTH BAJA PIPELINE, LLC,~~

and _____

Terms of Service

Term: _____ years with a Requested Commencement Date of _____, 20__.

Delivery Point, Receipt Point, Maximum Daily Quantity:

	Delivery	Receipt	Maximum Daily
<u>System</u>	<u>Point</u>	<u>Point</u>	<u>Quantity</u>
			<u>(Dth/Day)</u>
Yuma Lateral			

Third Party Charges: This Option is ____/is not ____ applicable to this Agreement:

~~NBP has contracted, on behalf of Shipper, for transportation service on the Gasoducto Rosarito portion of the Yuma Lateral (also known as GR Algodones Lateral) which is located in Mexico. NBP agrees to provide transportation service to Shipper from the interconnection of the GR Algodones Lateral with the GR Mainline in the vicinity of Algodones, Mexico ("Receipt Point") to the US/Mexico Border at Yuma, Arizona in the vicinity of County 10th Street ("Delivery Point"). This service will be for a Maximum Daily Quantity of _____ Dth/Day and a term of ____ years.~~

FORM OF SERVICE AGREEMENT - PARKING AND LENDING SERVICE

FORM OF SERVICE AGREEMENT

APPLICABLE TO PARKING AND LENDING SERVICE
OFFERED BY NORTH BAJA PIPELINE, LLC
UNDER RATE SCHEDULE PAL-1

THIS AGREEMENT is made and entered into this ____ day of _____, 20__, by and between North Baja Pipeline, LLC, a Delaware Limited Liability Company (hereinafter referred to as "NBP"), and _____ (hereinafter referred to as "Shipper").

WHEREAS, NBP owns and operates an interstate natural gas pipeline; and

WHEREAS, Shipper desires NBP, on an interruptible basis, to park or loan certain quantities of natural gas at various points on NBP's system; and

WHEREAS, NBP is willing to park or loan certain quantities of natural gas for Shipper, on an interruptible basis,

NOW, THEREFORE, the parties agree as follows:

I

Governmental Authority

1. This Parking and Lending Service Agreement ("Agreement") is made pursuant to the regulations of the Federal Energy Regulatory Commission (FERC) contained in 18 CFR Part 284, as amended from time to time.
2. Shipper shall reimburse NBP for any and all filing fees incurred by NBP specific to Shipper in seeking governmental authorization for the initiation of any new service or extension, or termination of service under this Agreement and Rate Schedule PAL-1. Shipper shall reimburse NBP for such fees at NBP's designated office within ten (10) days of receipt of notice from NBP that such fees are due and payable. Additionally, Shipper shall reimburse NBP for any and all penalty fees or fines assessed NBP caused by the negligence of Shipper in not obtaining all proper domestic and Mexican import/export licenses, surety bonds or any other documents and approvals related to the domestic exportation and subsequent Mexican importation of natural gas transported by NBP hereunder.

H

~~Quantity of Gas and Points of Receipt and Delivery~~

- ~~1. Beginning on the date specified in Article III hereto, and continuing for the remaining term specified in Article III, NBP agrees to receive or advance quantities of gas to Shipper up to the Maximum Quantity ("MQ") specified in Exhibit A, attached hereto, incorporated herein by reference and made a part hereof for all purposes.~~
- ~~2. The service under this Agreement shall be conditioned upon the availability of capacity sufficient to provide the service without detriment or disadvantage to those customers of NBP having a higher priority of service.~~
- ~~3. The point(s) of receipt and delivery are as designated in Exhibit A.~~

III

~~Term of Agreement~~

1. ~~This Agreement shall become effective~~Service shall commence on _____, and shall continue in full force and effect month to month thereafter, until terminated by Shipper or NBP upon thirty (30) days written notice until _____.

(if applicable)

~~Thereafter, this Agreement shall continue in full force and effect for an additional term of _____ unless _____ gives at least _____ prior written notice of its desire to terminate this Agreement. Under this evergreen provision, parties capable of giving notice of termination may include only Shipper (unilateral evergreen) or may include both Shipper and NBP (bilateral evergreen).~~

IVIII

~~Rate(s), Rate Schedules,
and General Terms and Conditions of Service~~

1. Shipper shall pay NBP each month for services rendered pursuant to this Agreement in accordance with NBP's Rate Schedule PAL-1, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC. In the event NBP and Shipper mutually agree on a rate other than the Recourse Rate, that rate, and any provisions governing such rate, shall be set forth herein.
2. This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule PAL-1, or superseding rate schedule(s) and to the applicable General Terms and Conditions of Service of NBP's FERC Gas Tariff on file with the FERC, all of which are by this reference made a part hereof.

3. Upon notice to Shipper, NBP shall have the right to file with the FERC any changes in the terms or rates/charges applicable to any of its Rate Schedules, General Terms and Conditions of Service or Form of Service Agreement as NBP may deem necessary, and to make such changes effective at such times as NBP desires and is possible under applicable law. Shipper may protest any filed changes before FERC and exercise any other rights it may have with respect thereto.
4. The service under this Agreement shall be conditioned upon the availability of capacity sufficient to provide the service without detriment or disadvantage to those customers of NBP having a higher priority of service.

IV
Miscellaneous

1. This Agreement shall be interpreted according to the laws of the State of California.
2. Shipper warrants that upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service, ~~and that it has advised the upstream and downstream transporters of the receipt and delivery points under this Agreement and any quantity limitations for each point as specified on Exhibit A attached hereto.~~
3. Shipper agrees to indemnify and hold NBP harmless for refusal to transport gas hereunder in the event any upstream or downstream transporter fails to receive or deliver gas as contemplated by this Agreement.
4. Unless herein provided to the contrary, all notices and communications with respect to this Agreement shall be in writing by mail, e-mail, or fax, or other means as agreed to by the parties, and sent to the addresses stated below or to any other such address(es) as may be designated in writing by mail, e-mail, or fax, or other means similarly agreed to:

"NORTH BAJA PIPELINE, LLC"
717 Texas Street, Suite 2400
Houston, Texas 77002-2761
Attention: Commercial Services

"Shipper"

Attention: _____

5. All waivers shall be in writing, and such waiver by either party of any one or more defaults by the other hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.
6. This Agreement may only be amended by an instrument in writing executed by both parties hereto. In no event shall this Agreement be modified by course of performance, course of dealing or usage of trade.
7. Nothing in this Agreement shall be deemed to create any rights or obligations between the parties hereto after the expiration of the term set forth herein, except that termination of this Agreement shall not relieve either party of the obligation to correct any quantity imbalances or Shipper of the obligation to pay any amounts due hereunder to NBP.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

NORTH BAJA PIPELINE, LLC

By: _____
Name: _____
Title: _____

SHIPPER

By: _____
Name: _____
Title: _____

~~EXHIBIT A~~ RESERVED FOR FUTURE USE

~~TO THE PARKING AND LENDING TRANSPORTATION AGREEMENT~~

~~Dated _____~~

~~Between NORTH BAJA PIPELINE, LLC,~~

~~and _____~~

_____	Maximum Daily
_____	Quantity
Eligible Points _____	Dth/d