

MPSC Case No. U-14754

Exhibit DOM-27

U-14754  
DOMC-1.1/1

ASAT 07  
*oilfield*  
*Investments*

**ANTRIM GAS SERVICE AGREEMENT**

# **ANTRIM GAS SERVICE AGREEMENT**

## **TABLE OF CONTENTS**

| <b><u>ARTICLE</u></b> | <b><u>TOPIC</u></b>                           |
|-----------------------|-----------------------------------------------|
| 1.1                   | Regulatory Approval                           |
| 1.2                   | Conditions                                    |
| 2.1                   | Dedication of Reserves                        |
| 3.1                   | Term                                          |
| 4.1                   | Gas Transportation Service                    |
| 4.2                   | Allocation of Plant Shrinkage & Pipeline Fuel |
| 5.1                   | Rates                                         |
| 5.2                   | Application of Rates                          |
| 6.1                   | Nominations                                   |
| 6.2                   | Use of Electronic Bulletin Board              |
| 7.1                   | Receipt Points                                |
| 7.2                   | Condition of Use                              |
| 8.1                   | Delivery Points                               |
| 9.1                   | Disposition of Gas                            |
| 10.1                  | Possession of Responsibility                  |
| 11.1                  | Delivery Pressure                             |
| 12.1                  | Taxes                                         |
| 13.1                  | Warranty of Right to Deliver                  |

| <b><u>ARTICLE</u></b> | <b><u>TOPIC</u></b>                         |
|-----------------------|---------------------------------------------|
| 14.1                  | Billing and Payment                         |
| 14.2                  | Currency Denomination                       |
| 14.3                  | Examination of Records                      |
| 14.4                  | Late Payment                                |
| 14.5                  | Claims of Over and Under-Charges            |
| 15.1                  | Non-Waiver of Future Defaults               |
| 16.1                  | Force Majeure                               |
| 16.2                  | Performance and Remedy of Force Majeure     |
| 17.1                  | Laws, Orders, Rules and Regulations         |
| 17.2                  | Authority under MPSC - Act 9                |
| 17.3                  | Interstate Service per FERC                 |
| 17.4                  | Applicable Law                              |
| 18.1                  | Notice                                      |
| 18.2                  | Change of Address and Routine Communication |
| 19.1                  | Assignment                                  |
| 19.2                  | Reorganization                              |
| 19.3                  | Successors and Assigns                      |
| 19.4                  | Headings                                    |
| 19.5                  | Gender, Number and Internal References      |
| 19.6                  | Counterparts                                |
| 19.7                  | Entirety                                    |

## **SCHEDULE OF EXHIBITS**

### **EXHIBIT**

### **SUBJECT**

- |       |                                         |
|-------|-----------------------------------------|
| A.    | Receipt Points                          |
| B.    | Delivery Points                         |
| C.    | Allowable Routing                       |
| D.    | General Terms & Conditions              |
| I.    | Service Request                         |
| II.   | Nominations, Scheduling and Allocations |
| III.  | Paper Pooling                           |
| IV.   | Imbalances                              |
| V.    | Measurement                             |
| VI.   | Quality Specifications                  |
| VII.  | Diversion of Gas                        |
| VIII. | Electronic Bulletin Board               |
| IX.   | Creditworthiness Standards              |

**MICHIGAN CONSOLIDATED GAS COMPANY**  
**ANTRIM GAS SERVICE AGREEMENT**

**THIS AGREEMENT** is entered into as of this 13<sup>th</sup> day of Sept., 1994,  
by and between Oilfield Investments Ltd.  
("Shipper"), having office at P.O. Box 1073, TRAVERSE City, MI  
49685-1073 and MICHIGAN CONSOLIDATED GAS  
COMPANY ("MichCon"), having its principal offices at 500 Griswold, Detroit,  
Michigan 48226.

**RECITALS**

**WHEREAS** Shipper has requested MichCon to transport Antrim Gas on  
Shipper's behalf; and

**WHEREAS** MichCon is willing to provide the requested transportation service  
subject to the terms and conditions contained in this Agreement;

**NOW, THEREFORE**, in consideration of the mutual promises, agreements  
and undertakings in this Agreement, Shipper and MichCon agree as follows:

## ARTICLE I

### REGULATORY APPROVAL AND CONDITIONS

1.1 MichCon has filed Case No. U-10547 with the Michigan Public Service Commission (the "Commission") for authority to construct, cause to be constructed, acquire, own and operate facilities which MichCon has determined are necessary to permit receipt, transportation and redelivery (hereinafter collectively referred to as "Gas Transportation Service") of natural gas produced from the Antrim shale formation ("Antrim Gas" or "Gas") delivered to MichCon pursuant to this Agreement. The term "Antrim Header System", as used in this Agreement, will incorporate by reference the system ultimately approved by the Commission in Case No. U-10547, together with all future extensions, modifications, or loops thereof as well as use of existing pipelines and related facilities.

1.2 This Agreement is specifically conditional upon the continued prosecution by MichCon of its application in MPSC Case No. U-10547, approval by the appropriate regulatory agencies of the facilities in Case No. U-10547, and acceptance of a Commission order by MichCon, at its sole discretion. If Case U-10547 is not approved and accepted by 4/15/95, Shipper has the option to declare this agreement null and void. Provided, however, if MichCon receives and accepts an order after 4/15/94, but before Shipper exercises its option, then Shipper may no longer declare this agreement null and void.

1.3 This Agreement is specifically conditional upon MichCon's agreement to create a priority in the 30-inch pipeline expansion downstream of Kalkaska for transportation of Gas from the wetheader or dry Antrim header. Also, MichCon shall provide for and make any future pipeline interconnections, consistent with its then prevailing receipt point program, upon written request by Shippers with all costs to be borne by Shippers.

## **ARTICLE II**

### **DEDICATION OF RESERVES**

2.1 For any Antrim Gas to be transported on a firm basis pursuant to this Agreement, the party who owns or controls the acreage from which the Gas to be transported and treated is produced shall have first committed, by a Letter of Dedication, all previously undedicated Antrim reserves which it owns and controls and which can be reasonably serviced by the Antrim Header System (Initial Acreage Dedication). Furthermore, Antrim Gas which is produced from after acquired or controlled acreage and which desires firm transportation must also first be committed to the Antrim Header System by a Letter of Dedication. (Additional Acreage Dedication). Such dedications shall be made on a form provided or approved by MichCon. MichCon may refuse firm service for any Antrim Gas which has not been committed as provided for above.

### ARTICLE III

#### TERM

3.1 All terms and conditions of this Agreement, except Sections 1.2 and 1.3 shall be effective on the in-service date ("In-Service Date") of the Antrim Header System, which is the date the 16" Kalkaska to South Chester Pipeline facilities approved under U-10547 are placed in service, and shall terminate ten (10) years later. MichCon shall provide Shipper written notice of the In-Service Date. Sections 1.2 and 1.3 shall be effective upon execution of this Agreement.

### ARTICLE IV

#### GAS TRANSPORTATION SERVICE

4.1 Shipper shall deliver or cause to be delivered to MichCon, Antrim Gas for Gas Transportation Service up to a maximum daily quantity ("MDQ") of 10,000 MMBtu. MichCon shall provide Gas Transportation Service for Shipper or for the account of Shipper and shall redeliver an Equivalent Quantity of natural gas in MMBtu's at the delivery points nominated pursuant to this agreement. For purposes of this agreement the term "Equivalent Quantity(ies)" shall mean the quantity of Gas received from Shipper less any amount withheld by MichCon for Pipeline Loss.

4.2 MichCon shall retain 0.5% of all Nominated, Authorized and Unauthorized Overrun Quantities for pipeline losses ("Pipeline Loss"). Provided, however, that if the Delivery Point for Shipper's Gas is into MichCon's transmission

and distribution pipeline system, then the Pipeline Loss of 0.5% shall be borne by the downstream transporter. Pipeline Loss will be calculated and withheld from the quantity of Gas that is redelivered for the account of Shipper at each Delivery Point.

## **ARTICLE V**

### **RATES**

5.1 For the services provided for herein, Shipper shall pay MichCon a monthly amount as follows:

1. A monthly customer administrative charge of \$300.
2. A Basic Charge equal to the quantities of Gas Shipper actually flowed during the month up to its MDQ times 9.0¢ per Mcf.
3. Shipper shall be billed, in addition to the Basic Charge, an Overrun Charge of \$3.09 per Mcf for any quantities of Gas delivered that exceed the MDQ ("Unauthorized Overrun Gas") provided, however, an Overrun Charge shall not be incurred;
  - a. In any month where Shipper, after meeting the criteria set forth in 5.1.4 herein, delivers Gas in excess of the MDQ ("Authorized Overrun Gas"); or
  - b. In any month where the overage averages no more than five (5) percent above (i) the MDQ or (ii) the MDQ plus any Authorized Overrun Gas (the "Swing Percentage").

- c. In circumstances where Overrun Gas occurred temporarily for less than a 24 hour period and resulted from an inadvertent surge or increase of Gas from Shipper's facilities due to equipment failure. However, only one such failure shall be allowed in any calendar month. .
- 4. Shipper must meet one of the following criterion before flowing Authorized Overrun Gas:
  - a. Shipper must obtain MichCon's written permission to flow gas in excess of Shipper's MDQ prior to submitting a nomination; or
  - b. Shipper must notify MichCon by facsimile 48 hours prior to the deadline for submitting a nomination, or by EBB 24 hours prior to the deadline, of its intent to submit a nomination to flow gas in excess of Shipper's MDQ. Such intent shall be clearly identified on the request. If Shipper does not receive notification of MichCon's denial of Shipper's request by facsimile or by EBB by the nomination deadline, then Shipper may assume MichCon's permission has been granted and may flow gas in excess of its MDQ up to the amount indicated in the facsimile to MichCon. This implied approval shall be good only for one month.

5. Any Shipper not able to flow its nominated quantity up to its MDQ as a result of Unauthorized Overrun Gas shall receive, on a calendar year quarterly basis, its proportionate share of 80% of the actual funds MichCon collects as Overrun Charges. Shipper's proportionate share shall be an amount equal to Shipper's quantity of Gas which did not flow during the calendar quarter as a result of Unauthorized Overrun Gas up to Shipper's MDQ divided by the total quantity of Gas which did not flow because of Unauthorized Overrun Gas during the calendar quarter.

5.2 All charges set forth in this Article except the monthly customer administrative charge shall be applied to quantities in units of Mcf delivered at the Receipt Point(s) as measured in accordance with the terms of Exhibit D of this Agreement.

5.3 Actual billing shall be on an MMBtu basis. The rate per MMBtu shall be determined according to the following formula:

$$\frac{1,000}{\text{Actual Btu}} \quad \times \quad \text{Appropriate Mcf Rate}$$

## ARTICLE VI

### NOMINATIONS, DELIVERIES

6.1 Shipper must nominate all quantities of gas that will be transported pursuant to this Agreement and as further detailed in Exhibit D: General Terms and Conditions.

6.2 Pursuant to the terms of Exhibit D, MichCon shall establish an Electronic Bulletin Board (EBB) as part of its Antrim Header System within one year of the "in-service" date. MichCon shall provide Shipper notice once it has established its EBB and detailed procedures for nominating using the EBB. After a reasonable phase-in period MichCon may require all Shippers to nominate their quantities of gas using the EBB.

## **ARTICLE VII**

### **RECEIPT POINT(S)**

7.1 Shipper shall deliver or cause to be delivered Antrim Gas at the Receipt Point(s) set forth in Exhibit A. All Gas delivered to MichCon shall meet the quality specification set out in Exhibit D.

7.2 MichCon, at its sole option, may refuse to accept Gas at any Receipt Point(s) listed on Exhibit A which is not subject to a signed Receipt Point Agreement between MichCon or its designee and the party responsible for the Receipt Point.

## **ARTICLE VIII**

### **DELIVERY POINT(S)**

8.1 MichCon shall redeliver to Shipper, or for the account of Shipper; at the Delivery Point(s) set forth in Exhibit B, Equivalent Quantities of Gas; provided, however, that the allowable routing of any Gas Transportation Service shall be within the parameters defined by Exhibit C.

## **ARTICLE IX**

### **DISPOSITION OF GAS**

9.1 Because of the inability of MichCon and Shipper to maintain precise control over the rate of flow and quantities of Gas to be received and delivered, the parties shall exercise reasonable efforts to keep Gas receipts and deliveries in balance. Subject to the limitations contained in this section, MichCon will use Electronic Gas Measurement (EGM) for any Receipt Point under this Agreement. In the case of new Receipt Points, that is Receipt Points installed on or after the In-Service Date, MichCon will install EGM pursuant to its then prevailing Receipt Point program on all new interconnects. As to existing Receipt Points, that is Receipt Points installed prior to the In-Service Date, MichCon shall be obligated to retrofit existing Receipt Points with EGM only in those cases where a Receipt Point owner requests such a retrofit in writing and agrees to pay any costs associated with the retrofit. However, if MichCon determines that retrofitting Receipt Points with EGM is necessary for the efficient operation of the Antrim Header System, then MichCon can mandate installation of EGM at such points with costs borne by the Receipt Point holder.

9.2 MichCon shall have the right to commingle Gas delivered hereunder with Gas owned by MichCon and/or transported by MichCon for others so long as the resulting commingled gas stream meets the Delivery Point quality specifications in Exhibit D.

## **ARTICLE X**

### **POSSESSION AND RESPONSIBILITY**

10.1 As between MichCon and Shipper, Shipper shall be deemed in exclusive control and possession of the gas transported hereunder and responsible for any damage or injury caused thereby until it is delivered to MichCon at the Receipt Point(s) and after it is redelivered by MichCon at the Delivery Point(s). MichCon shall be deemed in exclusive control and possession of the gas and responsible for any damage or injury caused thereby after it is delivered by Shipper, or for Shipper's account, at the Receipt Point(s) and before it is redelivered by MichCon at the Delivery Point(s).

## **ARTICLE XI**

### **DELIVERY PRESSURE**

11.1 Shipper shall deliver quantities of Antrim Gas or cause quantities of Antrim Gas to be delivered to MichCon at the Receipt Point(s) at MichCon's

prevailing line pressure but not to exceed its maximum allowable operating pressure (MAOP). Shipper shall receive quantities of Antrim Gas, or cause quantities of Antrim Gas to be received by a third party transporter, at the Delivery Point(s) as noted in Exhibit B.

## **ARTICLE XII**

### **TAXES**

12.1 Shipper shall pay all taxes, tariffs, and duties however designated, levied, or charged resulting from services provided under this Agreement, including, without limitation, all state and local privilege or excise taxes, and any amount in lieu of such taxes, tariffs and duties paid or payable by MichCon, exclusive however of taxes based on the net income of MichCon, property taxes, and MichCon's single business taxes. Shipper shall reimburse MichCon for any such taxes, tariffs and duties which are collected and remitted or paid on Shipper's behalf by MichCon because of Shipper's failure to pay. MichCon or its vendors shall not be entitled to Internal Revenue Code-Section 29 tax credits on any Gas under this Agreement.

## **ARTICLE XIII**

### **WARRANTY OF RIGHT TO DELIVER**

13.1 Shipper warrants that at the time of delivery it shall have the right to deliver the Gas and that it shall indemnify, defend, and save MichCon harmless from

suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to the gas or to royalties, taxes, license fees or charges thereon.

## **ARTICLE XIV**

### **BILLING AND PAYMENT**

14.1 On or about the twentieth day of each calendar month, MichCon shall render a statement to Shipper based on the charges set forth in Section 5. Shipper shall pay MichCon on or before the 25th day of the month or ten (10) days after receipt of the statement, the amount billed in that statement. All such payments shall be made in the form of immediately available funds directed to a bank account designed by MichCon's Treasurer.

14.2 The statements rendered pursuant to this Agreement shall be denominated in U.S. Dollars (\$U.S), and all payments shall be made in \$U.S.

14.3 Shipper shall have the right at all reasonable times to examine the books, records and charts of MichCon to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any provisions of this Agreement.

14.4 Should Shipper fail to pay any undisputed amount of any statement rendered by MichCon when such amount is due, a late payment charge equal to that month's NBD prime plus 2% per month of the undisputed amount of the statement,

net of taxes, not compounded, shall be added to the statement, and MichCon in its sole discretion may after 10 days prior written notice suspend further Gas Transportation Service to Shipper until the undisputed amount is paid.

14.5 If Shipper shall find at any time within twenty-four months after the date of any statement rendered by MichCon that it has been overcharged due to an error by MichCon in the amount billed in such statement, and if the overcharge has been paid, and Shipper has made a written claim thereof within twenty-four months from the date of such error, the overcharge, when verified by MichCon, shall be refunded within 30 days. If MichCon shall find at any time within twenty-four months after the date of any statement rendered by it that there has been an undercharge in the amount billed in such statement, it may submit a statement for such undercharge within twenty-four months of such error, and Shipper, upon verifying the same, shall pay such amount within 30 days.

## **ARTICLE XV**

### **NON-WAIVER OF FUTURE DEFAULTS**

15.1 No waiver by either party of any one or more defaults by the other in the performance of any provision of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

## **ARTICLE XVI**

### **FORCE MAJEURE**

16.1 Neither Shipper nor MichCon shall be liable in damages, or in any other remedy, legal or equitable, to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, sabotage, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests, restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery, lines of pipe, wells, flowlines, production facilities of related equipment, or the necessity to make unscheduled shutdowns (for purposes of necessary maintenance, repairs, tests, or alterations to machinery, lines of pipe), well or line freezeups, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, or any other cause, whether of the kind herein enumerated, or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees or with anyone

purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension.

16.2 Such causes or contingencies affecting the performance of this Agreement by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance of this Agreement relieve either party from its obligation to make payments of amounts then due thereunder, nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing or by telecopy to the other party as soon as possible after the occurrence relied on.

## **ARTICLE XVII**

### **LAWS, ORDERS, RULES AND REGULATIONS**

17.1 The performance by the parties of their obligations set forth in this Agreement shall be subject to all valid and applicable laws, orders, rules and regulations of any duly constituted authority having jurisdiction.

17.2 Authority for Gas Transportation Service under this Agreement is provided pursuant to 1929 PA 9, as amended (Act 9); MCL 483.101 et seq.

17.3 Gas Transportation Service provided by MichCon under this Agreement, if in interstate commerce, is subject to the provisions of Subpart C, Part 284 of the regulations of the Federal Energy Regulatory Commission.

17.4 THIS AGREEMENT SHALL BE GOVERNED BY THE LAW OF THE STATE OF MICHIGAN. It is agreed that any and all litigation related to this Agreement shall be brought in either a state or federal court located within the State of Michigan, and each party, for purposes of any such litigation, submits to the exclusive jurisdiction and venue of that court.

## ARTICLE XVIII

### NOTICE

18.1 Any notice, request, demand, statement or payment provided for in this Agreement shall be sent in writing to the parties at the following addresses:

Shipper:

Telephone: (    )

Telecopy: (    )

MichCon:

Payments: As directed on the invoice

Nominations:            Manager, Transportation & Exchange  
Telecopy:

All Other:                   Manager, Gas Supply & Transportation

Michigan Consolidated Gas Company  
500 Griswold Street, 26th Floor  
Detroit, Michigan 48226  
Telephone: (313) 256-5541  
Telecopy: (313) 256-6416

18.2 Either party may change its address under this Agreement by notice to the other party. Unless otherwise provided, all notices given by one party to the other shall be sent by registered mail, overnight mail or by telecopy and shall be effective upon receipt. However, routine communications, including monthly invoices, shall be considered as duly delivered when mailed by either registered, overnight or ordinary mail.

## **ARTICLE XIX**

### **MISCELLANEOUS PROVISIONS**

19.1 Assignment: Shipper or MichCon shall not broker, assign, convey or transfer its interests, rights and obligations under this Agreement to anyone not meeting the credit worthiness standards hereunder. Either Shipper or MichCon may, however, without relieving itself of its obligations, assign any of its rights and obligations hereunder to a corporation with which it is affiliated at the time of such assignment, provided that such assignment does not materially change the duty of the other party, or increase the burden or risk imposed on the other party under this Agreement, or impair the other party's entitlement to performance.

19.2 Reorganization: Any company which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper or of MichCon, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement.

19.3 Successors and Assigns: This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

19.4 Headings: The headings used throughout this Agreement are inserted for convenience of reference only and are not to be considered or taken into account in construing the terms or provisions hereof nor are they to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.

19.5 Gender, Number and Internal References: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein", "hereunder" and words of similar import refer to the entirety of this Agreement and not only to the section in which such use occurs.

19.6 Counterparts: This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an originally executed copy, and it shall not be necessary to produce all counterparts in order to prove this Agreement.

19.7 Entirety: This Agreement and Exhibits A, B, C, and D constitute the entire agreement between MichCon and Shipper concerning the subject matter hereof.

Any prior understandings, representations, promises, undertakings, agreements or inducements, whether written or oral, concerning the subject matter hereof not contained herein shall have no force and effect. This Agreement may be modified or amended only by a writing duly executed by both parties.

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed in counterparts, each of which is an original and all of which are identical, as of the day and year first above written.

**MICHIGAN CONSOLIDATED GAS COMPANY**

By: [Signature] 9/12/98  
(date)

Title: Senior Vice President

OILFIELD INVESTMENTS LTD.

**Shipper**

By: Gregory D. Zagle Sept. 13, 1998  
(date)  
Title: VICE PRESIDENT

## **EXHIBIT A**

### **Receipt Points**

**Number**

**Facility/Well Name**

**Meter Number**

**Shipper's Receipt Points:**

**All other Receipt Points:**

(all Receipt Points listed here for all contracts)

## **ADDENDUM**

1.4 Antrim Gas produced east of Michcon's Kalkaska facilities shall have priority over any other Gas on facilities constructed under and approved by the Commission in Case No. U-10547.

4.4 In the event that the run time of the CO<sub>2</sub> treating plants is less than 94% in any calendar year as specified in 4.3 above, and Shipper cannot get its Gas to market because its untreated Gas would not be received, transported or exchanged by a designed downstream pipeline, and Michcon has not corrected the problem within 90 days, except for reasons Force Majeure, then Shipper may, by giving Michcon 30 days prior written notice, cancel the treating portion of this Agreement for all Receipt Point(s) affected hereunder. After such time Michcon will bill only for transportation.

5.5 Eighty percent (80%) of all Overrun fees as collected in Section 5.1-3, net of those Overruns fees disbursed to other Shippers in Section 5.1-5, shall be disbursed on an annual basis, to the Michigan Oil & Gas Association for Antrim gas research.

## **EXHIBIT B**

### **Delivery Points**

| <b><u>Number</u></b> | <b><u>Facility Name</u></b>                                                      | <b><u>Location</u></b>                  | <b><u>Pressure (psig)</u></b> |
|----------------------|----------------------------------------------------------------------------------|-----------------------------------------|-------------------------------|
|                      | MichCon 30" T&D Line                                                             | Outlet Kalkaska Gas Plant               | 950                           |
|                      | Consumers Power 12"<br>T&D Line                                                  | Goose Creek                             | 960                           |
|                      | Consumers Power<br>2-12" T&D Lines                                               | Inlet Kalkaska Gas Plant                | 600                           |
|                      | ANR 24"<br>Transmission Line                                                     | S. Chester<br>Treating Plant            | 1040                          |
|                      | ANR 36"<br>Storage Line                                                          | Outlet Kalkaska Gas Plant               | 950                           |
|                      | Great Lakes 36"<br>Transmission Line or<br>alternate points per<br>ANR guarantee | ANR-Deward or alternate<br>Interconnect | 950                           |
|                      | Great Lakes 36"<br>Transmission Line                                             | South Hayes<br>Twn.                     | 970                           |

**EXHIBIT C**

**Allowable Routing**

**From**

**To**

Any approved  
Receipt Points  
subject to  
7.2 of this  
Agreement

Delivery Points  
**(From Exhibit B)**

Percent of  
**Total MDQ**

## **EXHIBIT D**

### **ANTRIM GAS SERVICES AGREEMENT**

#### **GENERAL TERMS & CONDITIONS**

- I. Service Request
- II. Nominations, Scheduling and Allocations
- III. Paper Pooling
- IV. Imbalances
- V. Measurement
- VI. Quality Specifications
- VII. Diversion of Gas
- VIII. Electronic Bulletin Board
- IX. Creditworthiness Standards

#### **I. SERVICE REQUESTS**

- A. Gas Transportation Service provided pursuant to this Agreement shall be offered on a Firm Basis until 100% of the capacity of the pipeline is subscribed. Thereafter, service shall be offered on an Interruptible Basis. MichCon shall be authorized to provide service on an Interruptible Basis only to the extent capacity exceeds its firm commitments.

- B. In order for a request for Gas Transportation Service to be considered valid, a party must provide MichCon with a completed, fully executed Antrim Header Service Request Form providing such information as the form may require.
- C. MichCon shall respond to each request. If the request is not valid, MichCon shall send a letter within 15 days of receipt of such request pointing out the deficiency(ies). MichCon shall respond to each valid request by forwarding this Service Agreement to the requesting party within 30 days.
- D. If there is insufficient capacity to meet the initial valid requests for service, then the expected system capacity shall be allocated among all valid requests on a pro-rata basis.
- E. If after one year from the date of first flow under this agreement, Shipper transports an amount of gas less than its total MDQ, then such MDQ may be adjusted downward to equal Shipper's prior three months' average flowing quantities. If a Force Majeure event occurred during any of the prior three months, then such month shall be excluded and the next prior month used in its stead. Furthermore, if Shipper's transported quantities exceed Shipper's total MDQ, then Shipper may request a pro-rata

increase of its MDQ, and MichCon shall grant a pro-rata increase for all Shippers at the end of each calendar quarter.

- F. After the initial valid requests are filled, additional requests shall be filled as they are received. However, if there is more requested capacity than capacity available, then such requests shall be filled by prorating the total system capacity among existing Shippers and the new requests. Such system capacity reallocations shall be done at the end of each calendar quarter.

## II. NOMINATIONS, SCHEDULING and ALLOCATIONS

All nominations shall be via MichCon's Electronic Bulletin Board or in writing via facsimile and telecommunication. Any written nomination shall be made on a form provided or approved by MichCon. Shipper shall include for each nomination the daily quantities of Gas on a MMBtu basis that it desires MichCon to transport during each Service Month from each Receipt Point and the daily quantities that Shipper desires MichCon to redeliver at each Delivery Point. Shipper shall also identify the quantity it intends to deliver to each downstream shipper by name, by downstream contract number for interstate deliveries, and the order of priority in the event MichCon must make adjustments pursuant to allocations below.

Further, the sum of the quantities nominated at all Receipt Points hereunder shall not exceed the aggregate MDQ as specified in this agreement, unless by Authorized Overrun Service.

- B. Initial Monthly Nominations: Each Shipper shall submit a nomination at least five (5) working days prior to the first Day of each Month to MichCon's Transportation and Exchange Department at a telephone number to be provided by MichCon.
- C. Nomination Changes after the beginning of the Month: Shipper shall give MichCon's Gas Control Department at least twenty-four (24) hours notice prior to any proposed change of a daily nomination to be effective for the next day. MichCon shall waive such notice upon request if, in its view, the Antrim Gas Pipeline operating conditions permit such waiver. Shipper shall also be allowed to change the order of priority of Receipts and Deliveries by twenty-four (24) hour notice.
- D. MichCon shall confirm each nomination or change of nomination. MichCon shall promptly notify each Shipper of its failure to confirm any nomination hereunder.
- E. Shipper may designate in writing an agent to nominate and schedule transportation service on Shipper's behalf. Such designation shall be in writing. An agent may provide nomination(s) for multiple Shippers. Shipper shall indemnify and save MichCon harmless from all suits,

actions, debts, accounts, damages, costs, losses and expenses arising in any way from Shipper's agent's actions on behalf of Shipper, provided, however, that such indemnification shall not excuse MichCon from liability for actions taken when MichCon is acting as Shipper's agent.

- F. Hourly Variation. Shipper shall maintain uniform hourly rates at all Receipt Points hereunder to the extent practicle.
- G. Delivery of Gas. MichCon shall make daily delivery of thermally Equivalent Quantities of gas, at each Delivery Point that Shipper nominates, provided, however, that Shipper shall not have the right to take delivery of gas for quantities it has not nominated and delivered to MichCon at Receipt Point(s).
- H. Scheduling and Allocation of Capacity. There are four service levels: Firm Service, Authorized Overrun Gas (AOG), Unauthorized Overrun Gas (UOG), and Interruptible Service. For each day, MichCon will schedule receipts and deliveries of gas on the basis of Shippers' confirmed nominations pursuant to the following:
  - i.) If System Shippers fail to use their full MDQ, then excess capacity will exist such that MichCon is able to receive (a) AOG nominations in excess of a Shipper's MDQ, or (b) Interruptible Service nominations;
  - ii.) Unauthorized Overrun Gas shall occur when a Shipper exceeds its MDQ and fails to comply with the criteria set forth in 5.1.4 herein;

- iii.) Firm Service, AOG, or Interruptible Service shall be curtailed on a pro rata basis within each service category; however, any AOG is subordinate to Firm Service and shall be curtailed if any other Firm Shipper(s) wish to nominate up to their MDQ; and further provided that any Interruptible Service is subordinated to AOG and shall be curtailed if a Firm shipper wishes to use AOG;
- iv.) MichCon shall allocate Receipt Point capacity, if required, pro rata by confirmed nominations up to the Firm MDQ at each Receipt Point;
- v.) MichCon shall allocate Antrim Header System capacity, if required, pro rata by confirmed nominations up to the Firm MDQ;
- vi.) MichCon shall allocate Delivery Point capacity, if required, pursuant to each Shipper's Antrim transportation priority (Firm, AOG, or Interruptible) up to the MDQ at each Deliver Point. If allocation of Delivery Point capacity is required among Shippers with firm transportation priority, then such allocation shall be based on each Shipper's instructions to MichCon;
- vii.) In the event that Shipper is transporting UOG and MichCon determines that it will curtail such UOG, then MichCon may identify any volumes by Points of Receipt as the volumes that must be curtailed in order to bring Shipper into compliance with its MDQ.

I. Accounting for Receipts and Deliveries.

i.) Following each month, MichCon shall forward to Shipper a report, either written or by Electronic Bulletin Board, which contains any fuel, and each Shipper's quantities in MMBtu's.

ii.) Allocation of Deliveries.

All deliveries shall be allocated throughout the month based on confirmed nominations at each Delivery Point. Delivery Point quantities shall be reconciled at the end of each calendar month.

iii.) Allocation of Receipts.

Where there is more than one Shipper at a Receipt Point, then allocation of actual quantities shall be made throughout the month pro rata, based on Shipper's confirmed nominations for each such Receipt Point. Receipt Point quantities shall be reconciled at the end of each calendar month.

iv.) Electronic Information

MichCon shall operate its allocation procedures using electronic information available at Receipt Point(s) and/or Delivery Point(s). If such electronic information is not available on any day, then MichCon shall assume that receipts and/or deliveries are equal to nominations, provided, however, that MichCon shall adjust such assumed receipts and/or deliveries to actual receipts and/or deliveries as soon as is reasonably practicable after the actual information becomes available.

Any such prior period adjustments shall not cause a penalty upon any Shipper hereunder.

### III. PAPER POOLING

- A. Once MichCon has allocated gas pursuant to this agreement, then over deliveries by a Shipper at one Receipt or Delivery Point may be offset by underdeliveries by that Shipper at another Receipt or Delivery Point, respectively (Paper Pooling). Such netting shall be used by MichCon for determining any penalties under this agreement..
- B. Paper Pooling shall not relieve any Shipper from its obligation to make valid nominations or its obligation for gas imbalances hereunder.

### IV. MONTHLY IMBALANCES

- A. At the end of each month, MichCon shall provide each Shipper with a gas imbalance statement either via EBB or written copy. Shipper will be afforded the opportunity to make up the imbalance during the subsequent month, subject to IV.B below.
- B. If at end of a month a Shipper's imbalance exceeds its confirmed nomination by 10% or greater, then Shipper shall incur an imbalance penalty of 10¢ per MMBtu. Such penalty shall also apply to any gas imbalance not resolved by the end of the month following the service

month in which an imbalance is occurred and for each month thereafter until the imbalance is resolved.

- C. If upon termination of this Agreement, Shipper has not caused to be delivered to MichCon at the Point(s) of Receipt, quantities of gas that are equal to those that Shipper has taken at the Point(s) of Delivery, plus those quantities retained by MichCon as compensation for use and loss, the term of this Agreement shall be extended for a period of up to 60 days during which time Shipper shall cause the deficient quantity to be delivered to MichCon at a mutually agreeable daily rate. Should Shipper fail to correct this imbalance within the 60 day period, Shipper shall pay MichCon, as liquidated damages, an amount equal to 110% of the currently effective Gas Cost Recovery Factor (pursuant to MichCon's Rules, Regulations and Rate Schedules on file with the Michigan Public Service Commission) for any remaining deficient quantities.

V. MEASUREMENT AND MEASUREMENT EQUIPMENT

A. Measurement

- i. The unit of volume for the purpose of measurement shall be one thousand cubic feet of gas at a temperature base of sixty degrees (60°) Fahrenheit and a pressure base of 14.65 pounds per square inch absolute (psia).

- ii. The average atmospheric (barometer) pressure at each point of receipt and each point of delivery shall be assumed to be fourteen and four-tenths (14.4) pounds per square inch, irrespective of the actual location or elevation above sea level of the point of delivery or of any variation in actual atmospheric pressure from time to time.
- iii. The flowing temperature of the gas(es) shall be determined by means of an instrument of standard manufacture accepted in the industry for this purpose.
- iv. The supercompressibility factor used in computing the volume of gas delivered through an office meter shall be determined in a manner consistent with the method contained in the American Gas Association "Manual for the Determination of Supercompressibility Factors for Natural Gas (AGA Report No. 8)" as such publication may be revised from time to time.
- v. The specific gravity of the gas used in computing the volume of gas delivered shall be determined at intervals of not more than ninety (90) Days by means of an instrument(s) of standard manufacture accepted in the industry for this purpose using a sample of gas, or a representative sample of gas, of the gas stream flowing to the point of receipt or point of delivery.

- vi. The compressibility ratio factors "s" used in computing the volume of gas delivered through a turbine meter or a positive displacement meter shall be determined by the equation  $s = (F_{pv})^2$ , in which "F<sub>pv</sub>" is the supercompressibility factor determined as described in Subsection iv, hereof.
- vii. In determining the flow temperature factor, supercompressibility factor, and compressibility ratio factor "s" for use in computing the volume of gas delivered through a meter, the flowing gas temperature for only the period(s) of time of that gas was flowing through the meter shall be used.

B. Measurement Equipment

- i. The volume of gas delivered at the Receipt or Delivery Point(s) shall be measured by:
  - (a) An orifice meter designed, installed, maintained and operated as recommended in the latest issue of American National Standard ANSI/API 2530 (American Gas Association Gas Measurement Report No. 3), entitled "Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids", as such publication may be revised from time to time (hereinafter referred to as "AGA Report

No. 3") (revisions will be incorporated within a reasonable time period); or

- (b) A turbine meter designed, installed, maintained and operated as recommended in the latest issue of American Gas Association Transmission Measurement Committee Report No. 7 entitled "Measurement of Fuel Gas by Turbine Meters", as such publication may be revised from time to time (hereinafter referred to as "AGA Report No. 7") (revisions will be incorporated within a reasonable time period); or
- (c) A positive displacement meter installed and operated in accordance with generally accepted industry practices.

The construction and installation of the metering facilities shall be in accordance with the recommendations and specifications set forth by the reports specified in Section i(a) hereof or by the meter manufacturer specified in Section i(b) hereof.

- ii. Any auxiliary measuring equipment shall be installed, maintained and operated in accordance with generally accepted industry practices. Chromatographs calculating the heating value (Btu) of the gas shall be programmed having the Gas Processors

Associated (GPA) Standard 2145 Table of Paraffin Hydrocarbons and Other Components of Natural Gas.

- iii. The volume of gas delivered at each Receipt or Delivery Point shall be calculated by means of an electronic flow computer located at, or by the processing of meter charts recorded at, each Receipt or Delivery Point. The calculation or processing, in either case, shall be performed in the following manner:
  - (a) When the measuring equipment is an orifice meter, the flow of gas through the meter shall be computed in the manner recommended in AGA Report No. 3, properly using all factors set forth therein.
  - (b) When the measuring equipment is a turbine meter, the volume of gas delivered through the meter shall be computed in the manner recommended in AGA Report No. 7, properly using all facts set forth therein.
  - (c) When the measuring equipment is a positive displacement meter, the volume of gas delivered through the meter shall be computed by properly applying, to the volume delivered

at flowing gas pressures and temperatures, correction factors for (1) absolute static pressure, (2) flowing gas temperature, (3) compressibility ratio and (4) specific gravity.

- iv. The operator, for purposes of this subsection, shall be MichCon, or such other person as the parties may agree in writing.

All flow, measuring, testing and related equipment shall be of standard manufacture, and type approved by MichCon. Shipper may install check measuring equipment, provided that such equipment shall be installed so as not to interfere with the operations of MichCon. Shipper, in the presence of MichCon, if applicable shall have access to measuring equipment at all reasonable times, but the reading, calibrating and adjusting thereof and the changing of charts, if any, shall be done by MichCon. Shipper shall have the right to be present at the time of the installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done by MichCon. The records from such measuring equipment shall remain the property of MichCon, but upon request, Shipper may request record,

including charts, if any, together with calculations therefrom for inspection, subject to return within ten (10) working Days after receipt there of or extended by mutual agreement. Reasonable care shall be exercised in the installation, maintenance and operation of the measuring equipment to avoid any inaccuracy in the determination of the volume of gas received and delivered.

The accuracy of all measuring equipment shall be verified by MichCon at intervals of not more than three (3) Months for orifice meters and six (6) months for turbine and positive displacement meters, and if requested, in the presence of representatives of the Shipper, but neither MichCon nor Shipper shall be required to verify the accuracy of such equipment more frequently than once in any thirty (30) Day period. However, if an electronic measurement system is utilized, its components shall be calibrated at least once every ninety (90) Days pursuant to Section viii below. If MichCon agrees to verification and testing of measuring equipment and fails to perform the verification and testing, then Shipper shall have the right to cease or temporarily discontinue service under this Agreement relative to such measuring equipment. If either party at any time desires a special test of any

measuring equipment, it will promptly notify the other party and the parties shall then cooperate to secure a prompt verification of the accuracy of the equipment. The expense of any special test shall be borne by the party requesting it if the measuring equipment is found to be in error by not more than 2% for manual equipment or for EGM equipment the percentage cited in viii(a). If, upon any test, any measuring equipment is found to be in error, such errors shall be taken into account in a practical manner in computing the deliveries. If the resultant aggregate error in the computed receipts or deliveries is not more than 2% for chart records or pursuant to viii(a) for EGM equipment, then previous receipts or deliveries shall be considered accurate. All equipment shall, in any case, be adjusted at the time of testing to record correctly. If, however, the resultant aggregate error in computing receipts or deliveries exceeds 2% for chart records or pursuant to viii(a) for EGM equipment, at a recording corresponding to the average hourly rate of gas flow rate for the period since the last preceding test; the previous recordings of such equipment shall be corrected to zero error for any period that is known definitely or agreed upon, but in case the period is not known definitely, or

agreed upon, the correction shall be for the period extending over one-half of the time elapsed since the date of the last test.

- v. In the event any measuring equipment is out of service, or is found registering inaccurately, previous recordings of receipts or deliveries through such equipment shall be corrected using the following procedures:
  - (a) by using the registration of any check meter or meters, if installed and accurately registering, or in the absence of (a);
  - (b) by correcting the error if the percentage of error is ascertainable by calibration, special test or mathematical calculation, or in the absence of both (a) and (b) then:
  - (c) by estimating the quantity of receipt or delivery based on receipts or deliveries during preceding periods under similar conditions when the meter was registering accurately.

The correction period shall not exceed twelve (12) months from the most recent test.

- vi. If at any time during the term of service a new method or technique is developed with respect to gas measurement or the determination of the factors used in gas measurement, the new

method or technique may be substituted upon mutual agreement by both parties.

vii. The parties agree to preserve for a period of at least two (2) years or such longer period as may be required by public authority, all test data, charts, and other similar records.

viii. Electronic Gas Measurement (EGM) Technical Requirements

(a) Accuracy: The meter system should use instruments that will provide an overall measurement accuracy of + or - 0.5% of flow, taking into account all the sources of error, including calibrated span of instruments, linearity, hysteresis, repeatability, ambient temperature, stability, vibration, and power supply fluctuation. Generally, this accuracy can be achieved only by the use of high accuracy smart transmitters with a published accuracy of  $\pm 0.1\%$ .

If the EGM is a retrofit to replace existing mechanical chart recorders, an overall accuracy of  $\pm 1.0\%$  of flow will be acceptable. This accuracy can generally be achieved by utilizing transmitters with a published accuracy of  $\pm 0.25\%$ .

Differential Pressure Transmitters shall be of a type that selfcompensate for static pressure effect or manufacturer's published compensation factor shall be programmed into the flow computer (RTU).

All instruments should operate on a temperature range of - 30 degrees Fahrenheit to +120 degrees Fahrenheit and a non-condensing relative humidity range of 0 to 95%. The unit must be able to withstand mechanical shock of at least 1 G and Shipper or Producer will to be held responsible for any accidental damage to the equipment as a result of mechanical shock of over 1 G.

- (b) Computation: The flow computer of the meter system shall as a minimum perform flow calculation per AGA-3, AGA-7, and AGA-8 requirements. As the aforementioned calculation methods are revised from time to time, new releases shall be implemented within twelve months from the release data. All other methods of computation must be approved by both Shipper or Producer and MichCon. All measured variables for differential pressure, static pressure, and temperature shall be sampled at lest once per second.

All volume calculations shall be made at least once per second. Calculation of supercompressibility shall occur at least once every 30 seconds.

- (c) Data Security: The flow computer must have password protection before data can be accessed or any parameters be changed. The computer must have a log of all changes made to the configuration.
- (d) Safety: The EGM system must meet standards for Class I, Division 2, Group D installations.
- (e) Power: The flow computer (RTU) and the related hardware should run on re-chargeable batteries. These batteries can be charged by either 120VAC, 24VDC or solar panels. For previously installed equipment, the battery capacity shall not be less than eight (8) hours. For future EGM installations, the battery capacity shall be at least twenty-four (24) hours when fully charged.
- (f) Local Display: Shipper or Producer shall be provided with capability to monitor volume information being recorded by measurement system on an ongoing basis with either RTU display or transmitters with local display.

- (g) Calibration: All equipment used for EGM shall be tested and calibrated every 90 days, or in accordance with the requirements of the agency(ies) having jurisdiction, or in accordance with contractual agreements, whichever of these requirements are more stringent. All test and calibration equipment shall be certified to 0.1 % accuracy and traceable back to an NGS primary standard. All test and calibration equipment shall be re-certified by a third party at least annually. In addition, MichCon shall perform such inspections and test of the accuracy of the equipment used in the EGM system calibrations. A copy of any inspection, test of certification report, whether performed monthly or annually by MichCon or an outside third party, shall be made available to Shipper or Producer personnel upon written request. MichCon shall provide Shipper or Producer with documentation on the tests and inspection and the annual certification planned for the equipment used to calibrate the EGM equipment. Calibration equipment must satisfy all applicable safety codes for the location in which it is being used, or the area must be checked and

confirmed as gas free (less than 5% LEL) prior to and during use.

A full loop (end device through RTU) test/calibration is required on all ANALOG inputs. Any adjustments to or calibration of the equipment shall be documented and kept as part of the audit trail.

Provisions shall be made for Shipper or Producer to tap into meter run with an electronic transmitter for periodic calibration comparison, provided, however, any such tap shall be done with permission from MichCon and shall not interfere with MichCon's measurement operations at that point.

The flow computer and/or RTU shall freeze the analog transmitter values during transmitter calibration and orifice plate removal and use these frozen values for the flow computation during calibration and orifice plate removal and re-installation.

h. Audit: The following information must be kept for a minimum of two (2) Years following the calendar year of production, unless required by contract to be kept longer or by the applicable, valid requirements of any governmental bodies having or asserting jurisdiction:

- (1) All calculated volumes, energies, and daily averages must be maintained in their original unaltered form.
- (2) Any changes to the data to correct for inaccuracies must be fully documented, including assumptions and factors used in calculating the adjustment.
- (3) All event logs, alarm logs, test/calibration reports, gas analyses, preventive maintenance documentation, or any other document containing EGM related data.

All audit information will be available to Shipper personnel during normal business hours, upon request..

## VI. GAS QUALITY SPECIFICATIONS

Unless prior approval is obtained from MichCon, all Gas received and delivered under the terms of this Agreement shall conform to the following specifications:

- (a) The Gas shall be commercially free from dust, gum, gum-forming constituents, and all other solid and liquid matters which may interfere with its

merchantability or cause injury to or interfere with proper operation of the pipelines, regulators, meters or other appliances through which it flows:

(b) The Gas shall not contain anything which might adversely affect the safe and efficient operation of MichCon's downstream facilities:

(c) The water content of the Gas shall not exceed 7 pounds per million cubic feet, however, every reasonable effort shall be made to keep the water content at or below 5 pounds per million cubic feet;

(d) The Gas shall not contain oxygen. Operator shall maintain its equipment to insure the gas is free of oxygen;

(e) At each Receipt Point or Delivery Point the carbon dioxide content of the Gas shall not exceed two (2%) mole percent;

(f) The Gas shall not contain more than 1/4 grain of hydrogen sulfide per 100 cubic feet;

(g) The Gas shall not contain more than 1/2 grain of mercaptan sulfur per 100 cubic feet;

(h) The Gas shall not contain more than 5 grains of total sulfur per 100 cubic feet, including the sulfur in any hydrogen sulfide, mercaptan, sulfides and residual sulfur.

(i) The Gas shall have a total heating value per cubic foot of not less than 950 British thermal units at a base pressure of 14.65 pounds per square

inch at 60 degrees fahrenheit on a dry basis or as further provided in the downstream pipelines' tariff.

(j) In the event the Gas delivered by Shipper at the Receipt Point(s) fails at any time to meet these quality specifications, MichCon shall notify Shipper of such deficiency and thereupon may, at its option, refuse to accept deliveries pending correction. Upon demonstration acceptable to MichCon that the Gas being tendered for delivery meets these quality specifications or that Shipper has arranged for the necessary treatment, processing or other action required for the Gas to meet these quality specifications, MichCon shall commence or resume, as the case may be, taking delivery of Gas.

(k) Shipper agrees to indemnify and hold MichCon harmless for any and all liability resulting from MichCon's movement of Gas which fails to meet the specifications hereunder and which have not been waived in writing, including contamination or damage to other Gas being transported.

VII. DIVERSION OF GAS. The Antrim Pipeline (System) is a stand-alone system for the CO<sub>2</sub> treating and transportation gathering of Antrim Shale Gas. This System has no direct End User or Distribution markets, but rather interconnects with four pipelines that do have direct markets. The Parties recognize that the System is thus not subject to diversion of gas. However, to the extent System gas is delivered into

each of the four pipelines hereunder, then such gas is subject to the diversion rules that apply to each such pipeline.

#### VIII. ELECTRONIC BULLETIN BOARD (EBB).

MichCon shall establish an EBB system that can be accessed twenty-four (24) hours a day, seven days a week, to obtain such information as:

- (a) Operational notices detailing the nature of any problem(s),
- (b) Available System capacity along each pipeline segment.
- (c) the total daily nominations for each System Receipt and Delivery Point along with the total and available capacities at each Delivery Point,
- (d) a list of Shippers and each Shipper's MDQ.
- (e) an end of month Allocation Report

Sections VIII a-e are provided as examples of the type of information the MichCon EBB may be able to provide. Nothing contained shall obligate MichCon to make available any specific information on its EBB.

#### IX. CREDITWORTHINESS STANDARDS.

MichCon shall not be required to commence Gas Transportation Service or to continue to provide Gas Transportation Service under this Agreement if Shipper is or has become insolvent and is not paying its bills hereunder to MichCon, or

if Shipper, when requested by MichCon to demonstrate credit worthiness, fails to do so pursuant to MichCon's reasonable requirements provided, however, that Shipper may receive Gas Transportation Service if Shipper deposits with MichCon and maintains, on prepaid account, an amount equal to amounts which would be due for one months service at the full MDQ; or furnishes, within fifteen days, good and sufficient security, as reasonably determined by MichCon, of a continuing nature and in an amount equal to such amounts which would be due. Shipper shall be deemed to be creditworthy if it has made a prepaid account deposit each month over a six consecutive month period, provided, however, that if such Shipper has a late payment in any subsequent month, it is no longer creditworthy and must again comply with the foregoing.

MPSC Case No. U-14754

Exhibit DOM-28

U-14754  
DOMC-1.1/1

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**ANTRIM GAS SERVICE AGREEMENT**

# **ANTRIM GAS SERVICE AGREEMENT**

## **TABLE OF CONTENTS**

| <b><u>ARTICLE</u></b> | <b><u>TOPIC</u></b>                           |
|-----------------------|-----------------------------------------------|
| 1.1                   | Regulatory Approval                           |
| 1.2                   | Conditions                                    |
| 2.1                   | Dedication of Reserves                        |
| 3.1                   | Term                                          |
| 4.1                   | Gas Transportation Service                    |
| 4.2                   | Allocation of Plant Shrinkage & Pipeline Fuel |
| 5.1                   | Rates                                         |
| 5.2                   | Application of Rates                          |
| 6.1                   | Nominations                                   |
| 6.2                   | Use of Electronic Bulletin Board              |
| 7.1                   | Receipt Points                                |
| 7.2                   | Condition of Use                              |
| 8.1                   | Delivery Points                               |
| 9.1                   | Disposition of Gas                            |
| 10.1                  | Possession of Responsibility                  |
| 11.1                  | Delivery Pressure                             |
| 12.1                  | Taxes                                         |
| 13.1                  | Warranty of Right to Deliver                  |

| <b><u>ARTICLE</u></b> | <b><u>TOPIC</u></b>                         |
|-----------------------|---------------------------------------------|
| 14.1                  | Billing and Payment                         |
| 14.2                  | Currency Denomination                       |
| 14.3                  | Examination of Records                      |
| 14.4                  | Late Payment                                |
| 14.5                  | Claims of Over and Under-Charges            |
| 15.1                  | Non-Waiver of Future Defaults               |
| 16.1                  | Force Majeure                               |
| 16.2                  | Performance and Remedy of Force Majeure     |
| 17.1                  | Laws, Orders, Rules and Regulations         |
| 17.2                  | Authority under MPSC - Act 9                |
| 17.3                  | Interstate Service per FERC                 |
| 17.4                  | Applicable Law                              |
| 18.1                  | Notice                                      |
| 18.2                  | Change of Address and Routine Communication |
| 19.1                  | Assignment                                  |
| 19.2                  | Reorganization                              |
| 19.3                  | Successors and Assigns                      |
| 19.4                  | Headings                                    |
| 19.5                  | Gender, Number and Internal References      |
| 19.6                  | Counterparts                                |
| 19.7                  | Entirety                                    |

## **SCHEDULE OF EXHIBITS**

### **EXHIBIT**

### **SUBJECT**

- |       |                                         |
|-------|-----------------------------------------|
| A.    | Receipt Points                          |
| B.    | Delivery Points                         |
| C.    | Allowable Routing                       |
| D.    | General Terms & Conditions              |
| I.    | Service Request                         |
| II.   | Nominations, Scheduling and Allocations |
| III.  | Paper Pooling                           |
| IV.   | Imbalances                              |
| V.    | Measurement                             |
| VI.   | Quality Specifications                  |
| VII.  | Diversion of Gas                        |
| VIII. | Electronic Bulletin Board               |
| IX.   | Creditworthiness Standards              |

**MICHIGAN CONSOLIDATED GAS COMPANY**  
**ANTRIM GAS SERVICE AGREEMENT**

**THIS AGREEMENT** is entered into as of this 24th day of October, 1994,  
by and between Don Yohe Enterprises, Inc.  
("Shipper"), having office at 74054 Church Street  
Ann Arbor, Michigan 48105 and MICHIGAN CONSOLIDATED GAS  
COMPANY ("MichCon"), having its principal offices at 500 Griswold, Detroit,  
Michigan 48226.

**RECITALS**

**WHEREAS** Shipper has requested MichCon to transport and treat Antrim Gas  
on Shipper's behalf; and

**WHEREAS** MichCon is willing to provide the requested transportation and  
treating service subject to the terms and conditions contained in this Agreement;

**NOW, THEREFORE**, in consideration of the mutual promises, agreements  
and undertakings in this Agreement, Shipper and MichCon agree as follows:

## ARTICLE I

### **REGULATORY APPROVAL AND CONDITIONS**

1.1 MichCon has filed Case No. U-10547 with the Michigan Public Service Commission (the "Commission") for authority to construct, cause to be constructed, acquire, own and operate facilities which MichCon has determined are necessary to permit receipt, transportation and redelivery (hereinafter collectively referred to as "Gas Transportation Service") of natural gas produced from the Antrim shale formation ("Antrim Gas" or "Gas") delivered to MichCon pursuant to this Agreement. The term "Antrim Header System", as used in this Agreement, will incorporate by reference the system ultimately approved by the Commission in Case No. U-10547, together with all future extensions, modifications, or loops thereof as well as use of existing pipelines and related facilities.

1.2 This Agreement is specifically conditional upon the continued prosecution by MichCon of its application in MPSC Case No. U-10547, approval by the appropriate regulatory agencies of the facilities in Case No. U-10547, and acceptance of a Commission order by MichCon, at its sole discretion. If Case U-10547 is not approved and accepted by 4/15/95, Shipper has the option to declare this agreement null and void. Provided, however, if MichCon receives and accepts an order after 4/15/94, but before Shipper exercises its option, then Shipper may no longer declare this agreement null and void.

1.3 This Agreement is specifically conditional upon MichCon's agreement to create a priority in the 30-inch pipeline expansion downstream of Kalkaska for transportation of Gas from the wetheader or dry Antrim header. Also, MichCon shall provide for and make any future pipeline interconnections, consistent with its then prevailing receipt point program, upon written request by Shippers with all costs to be borne by Shippers.

## **ARTICLE II**

### **DEDICATION OF RESERVES**

2.1 For any Antrim Gas to be transported on a firm basis pursuant to this Agreement, the party who owns or controls the acreage from which the Gas to be transported and treated is produced shall have first committed, by a Letter of Dedication, all previously undedicated Antrim reserves which it owns and controls and which can be reasonably serviced by the Antrim Header System (Initial Acreage Dedication). Furthermore, Antrim Gas which is produced from after acquired or controlled acreage and which desires firm transportation must also first be committed to the Antrim Header System by a Letter of Dedication. (Additional Acreage Dedication). Such dedications shall be made on a form provided or approved by MichCon. MichCon may refuse firm service for any Antrim Gas which has not been committed as provided for above.

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## ARTICLE III

### TERM

3.1 All terms and conditions of this Agreement, except Sections 1.2 and 1.3 shall be effective on the in-service date ("In-Service Date") of the Antrim Header System, which is the date the 16" Kalkaska to South Chester Pipeline facilities approved under U-10547 are placed in service, and shall terminate ten (10) years later. MichCon shall provide Shipper written notice of the In-Service Date. Sections 1.2 and 1.3 shall be effective upon execution of this Agreement.

## ARTICLE IV

### GAS TRANSPORTATION SERVICE

4.1 Shipper shall deliver or cause to be delivered to MichCon, Antrim Gas for Gas Transportation Service up to a maximum daily quantity ("MDQ") of 10,000 MMBtu. MichCon shall provide Gas Transportation Service for Shipper or for the account of Shipper and shall redeliver an Equivalent Quantity of natural gas in MMBtu's at the delivery points nominated pursuant to this agreement. For purposes of this agreement the term "Equivalent Quantity(ies)" shall mean the quantity of Gas received from Shipper less any amount withheld by MichCon for Pipeline Loss.

4.2 MichCon shall retain 0.5% of all Nominated, Authorized and Unauthorized Overrun Quantities for pipeline losses ("Pipeline Loss"). Provided, however, that if the Delivery Point for Shipper's Gas is into MichCon's transmission

and distribution pipeline system, then the Pipeline Loss of 0.5 % shall be borne by the downstream transporter. Pipeline Loss will be calculated and withheld from the quantity of Gas that is redelivered for the account of Shipper at each Delivery Point.

## **ARTICLE V**

### **RATES**

**5.1** For the services provided for herein, Shipper shall pay MichCon a monthly amount as follows:

1. A monthly customer administrative charge of \$300.
2. A Basic Charge equal to the quantities of Gas Shipper actually flowed during the month up to its MDQ times 9.0¢ per Mcf.
3. Shipper shall be billed, in addition to the Basic Charge, an Overrun Charge of \$3.09 per Mcf for any quantities of Gas delivered that exceed the MDQ ("Unauthorized Overrun Gas") provided, however, an Overrun Charge shall not be incurred;
  - a.** In any month where Shipper, after meeting the criteria set forth in 5.1.4 herein, delivers Gas in excess of the MDQ ("Authorized Overrun Gas"); or
  - b.** In any month where the overage averages no more than five (5) percent above (i) the MDQ or (ii) the MDQ plus any Authorized Overrun Gas (the "Swing Percentage").

- c. In circumstances where Overrun Gas occurred temporarily for less than a 24 hour period and resulted from an inadvertent surge or increase of Gas from Shipper's facilities due to equipment failure. However, only one such failure shall be allowed in any calendar month. .
- 4. Shipper must meet one of the following criterion before flowing Authorized Overrun Gas:
  - a. Shipper must obtain MichCon's written permission to flow gas in excess of Shipper's MDQ prior to submitting a nomination; or
  - b. Shipper must notify MichCon by facsimile 48 hours prior to the deadline for submitting a nomination, or by EBB 24 hours prior to the deadline, of its intent to submit a nomination to flow gas in excess of Shipper's MDQ. Such intent shall be clearly identified on the request. If Shipper does not receive notification of MichCon's denial of Shipper's request by facsimile or by EBB by the nomination deadline, then Shipper may assume MichCon's permission has been granted and may flow gas in excess of its MDQ up to the amount indicated in the facsimile to MichCon. This implied approval shall be good only for one month.

5. Any Shipper not able to flow its nominated quantity up to its MDQ as a result of Unauthorized Overrun Gas shall receive, on a calendar year quarterly basis, its proportionate share of 80% of the actual funds MichCon collects as Overrun Charges. Shipper's proportionate share shall be an amount equal to Shipper's quantity of Gas which did not flow during the calendar quarter as a result of Unauthorized Overrun Gas up to Shipper's MDQ divided by the total quantity of Gas which did not flow because of Unauthorized Overrun Gas during the calendar quarter.

5.2 All charges set forth in this Article except the monthly customer administrative charge shall be applied to quantities in units of Mcf delivered at the Receipt Point(s) as measured in accordance with the terms of Exhibit D of this Agreement.

5.3 Actual billing shall be on an MMBtu basis. The rate per MMBtu shall be determined according to the following formula:

$$\frac{1,000}{\text{Actual Btu}} \quad \times \quad \text{Appropriate Mcf Rate}$$

## **ARTICLE VI**

### **NOMINATIONS, DELIVERIES**

6.1 Shipper must nominate all quantities of gas that will be transported pursuant to this Agreement and as further detailed in Exhibit D: General Terms and Conditions.

6.2 Pursuant to the terms of Exhibit D, MichCon shall establish an Electronic Bulletin Board (EBB) as part of its Antrim Header System within one year of the "in-service" date. MichCon shall provide Shipper notice once it has established its EBB and detailed procedures for nominating using the EBB. After a reasonable phase-in period MichCon may require all Shippers to nominate their quantities of gas using the EBB.

## **ARTICLE VII**

### **RECEIPT POINT(S)**

7.1 Shipper shall deliver or cause to be delivered Antrim Gas at the Receipt Point(s) set forth in Exhibit A. All Gas delivered to MichCon shall meet the quality specification set out in Exhibit D.

7.2 MichCon, at its sole option, may refuse to accept Gas at any Receipt Point(s) listed on Exhibit A which is not subject to a signed Receipt Point Agreement between MichCon or its designee and the party responsible for the Receipt Point.

## **ARTICLE VIII**

### **DELIVERY POINT(S)**

8.1 MichCon shall redeliver to Shipper, or for the account of Shipper; at the Delivery Point(s) set forth in Exhibit B, Equivalent Quantities of Gas; provided, however, that the allowable routing of any Gas Transportation Service shall be within the parameters defined by Exhibit C.

## **ARTICLE IX**

### **DISPOSITION OF GAS**

9.1 Because of the inability of MichCon and Shipper to maintain precise control over the rate of flow and quantities of Gas to be received and delivered, the parties shall exercise reasonable efforts to keep Gas receipts and deliveries in balance. Subject to the limitations contained in this section, MichCon will use Electronic Gas Measurement (EGM) for any Receipt Point under this Agreement. In the case of new Receipt Points, that is Receipt Points installed on or after the In-Service Date, MichCon will install EGM pursuant to its then prevailing Receipt Point program on all new interconnects. As to existing Receipt Points, that is Receipt Points installed prior to the In-Service Date, MichCon shall be obligated to retrofit existing Receipt Points with EGM only in those cases where a Receipt Point owner requests such a retrofit in writing and agrees to pay any costs associated with the retrofit. However, if MichCon determines that retrofitting Receipt Points with EGM is necessary for the efficient operation of the Antrim Header System, then MichCon can mandate installation of EGM at such points with costs borne by the Receipt Point holder.

9.2 MichCon shall have the right to commingle Gas delivered hereunder with Gas owned by MichCon and/or transported by MichCon for others so long as the resulting commingled gas stream meets the Delivery Point quality specifications in Exhibit D.

## **ARTICLE X**

### **POSSESSION AND RESPONSIBILITY**

10.1 As between MichCon and Shipper, Shipper shall be deemed in exclusive control and possession of the gas transported hereunder and responsible for any damage or injury caused thereby until it is delivered to MichCon at the Receipt Point(s) and after it is redelivered by MichCon at the Delivery Point(s). MichCon shall be deemed in exclusive control and possession of the gas and responsible for any damage or injury caused thereby after it is delivered by Shipper, or for Shipper's account, at the Receipt Point(s) and before it is redelivered by MichCon at the Delivery Point(s).

## **ARTICLE XI**

### **DELIVERY PRESSURE**

11.1 Shipper shall deliver quantities of Antrim Gas or cause quantities of Antrim Gas to be delivered to MichCon at the Receipt Point(s) at MichCon's

prevailing line pressure but not to exceed its maximum allowable operating pressure (MAOP). Shipper shall receive quantities of Antrim Gas, or cause quantities of Antrim Gas to be received by a third party transporter, at the Delivery Point(s) as noted in Exhibit B.

## **ARTICLE XII**

### **TAXES**

12.1 Shipper shall pay all taxes, tariffs, and duties however designated, levied, or charged resulting from services provided under this Agreement, including, without limitation, all state and local privilege or excise taxes, and any amount in lieu of such taxes, tariffs and duties paid or payable by MichCon, exclusive however of taxes based on the net income of MichCon, property taxes, and MichCon's single business taxes. Shipper shall reimburse MichCon for any such taxes, tariffs and duties which are collected and remitted or paid on Shipper's behalf by MichCon because of Shipper's failure to pay. MichCon or its vendors shall not be entitled to Internal Revenue Code-Section 29 tax credits on any Gas under this Agreement.

## **ARTICLE XIII**

### **WARRANTY OF RIGHT TO DELIVER**

13.1 Shipper warrants that at the time of delivery it shall have the right to deliver the Gas and that it shall indemnify, defend, and save MichCon harmless from

suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to the gas or to royalties, taxes, license fees or charges thereon.

## **ARTICLE XIV**

### **BILLING AND PAYMENT**

**14.1** On or about the twentieth day of each calendar month, MichCon shall render a statement to Shipper based on the charges set forth in Section 5. Shipper shall pay MichCon on or before the 25th day of the month or ten (10) days after receipt of the statement, the amount billed in that statement. All such payments shall be made in the form of immediately available funds directed to a bank account designed by MichCon's Treasurer.

**14.2** The statements rendered pursuant to this Agreement shall be denominated in U.S. Dollars (\$U.S), and all payments shall be made in \$U.S.

**14.3** Shipper shall have the right at all reasonable times to examine the books, records and charts of MichCon to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any provisions of this Agreement.

**14.4** Should Shipper fail to pay any undisputed amount of any statement rendered by MichCon when such amount is due, a late payment charge equal to that month's NBD prime plus 2% per month of the undisputed amount of the statement,

net of taxes, not compounded, shall be added to the statement, and MichCon in its sole discretion may after 10 days prior written notice suspend further Gas Transportation Service to Shipper until the undisputed amount is paid.

14.5 If Shipper shall find at any time within twenty-four months after the date of any statement rendered by MichCon that it has been overcharged due to an error by MichCon in the amount billed in such statement, and if the overcharge has been paid, and Shipper has made a written claim thereof within twenty-four months from the date of such error, the overcharge, when verified by MichCon, shall be refunded within 30 days. If MichCon shall find at any time within twenty-four months after the date of any statement rendered by it that there has been an undercharge in the amount billed in such statement, it may submit a statement for such undercharge within twenty-four months of such error, and Shipper, upon verifying the same, shall pay such amount within 30 days.

## **ARTICLE XV**

### **NON-WAIVER OF FUTURE DEFAULTS**

15.1 No waiver by either party of any one or more defaults by the other in the performance of any provision of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

## **ARTICLE XVI**

### **FORCE MAJEURE**

16.1 Neither Shipper nor MichCon shall be liable in damages, or in any other remedy, legal or equitable, to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, sabotage, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests, restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery, lines of pipe, wells, flowlines, production facilities of related equipment, or the necessity to make unscheduled shutdowns (for purposes of necessary maintenance, repairs, tests, or alterations to machinery, lines of pipe), well or line freezeups, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, or any other cause, whether of the kind herein enumerated, or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees or with anyone

purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension.

16.2 Such causes or contingencies affecting the performance of this Agreement by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance of this Agreement relieve either party from its obligation to make payments of amounts then due thereunder, nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing or by telecopy to the other party as soon as possible after the occurrence relied on.

## **ARTICLE XVII**

### **LAWS, ORDERS, RULES AND REGULATIONS**

17.1 The performance by the parties of their obligations set forth in this Agreement shall be subject to all valid and applicable laws, orders, rules and regulations of any duly constituted authority having jurisdiction.

17.2 Authority for Gas Transportation Service under this Agreement is provided pursuant to 1929 PA 9, as amended (Act 9); MCL 483.101 et seq.

17.3 Gas Transportation Service provided by MichCon under this Agreement, if in interstate commerce, is subject to the provisions of Subpart C, Part 284 of the regulations of the Federal Energy Regulatory Commission.

17.4 THIS AGREEMENT SHALL BE GOVERNED BY THE LAW OF THE STATE OF MICHIGAN. It is agreed that any and all litigation related to this Agreement shall be brought in either a state or federal court located within the State of Michigan, and each party, for purposes of any such litigation, submits to the exclusive jurisdiction and venue of that court.

## **ARTICLE XVIII**

### **NOTICE**

18.1 Any notice, request, demand, statement or payment provided for in this Agreement shall be sent in writing to the parties at the following addresses:

Shipper:

Telephone: (    )

Telecopy: (    )

MichCon:

Payments: As directed on the invoice

Nominations:            Manager, Transportation & Exchange  
Telecopy:

All Other:                      Manager, Gas Supply & Transportation

Michigan Consolidated Gas Company  
500 Griswold Street, 26th Floor  
Detroit, Michigan 48226  
Telephone: (313) 256-5541  
Telecopy: (313) 256-6416

18.2 Either party may change its address under this Agreement by notice to the other party. Unless otherwise provided, all notices given by one party to the other shall be sent by registered mail, overnight mail or by telecopy and shall be effective upon receipt. However, routine communications, including monthly invoices, shall be considered as duly delivered when mailed by either registered, overnight or ordinary mail.

## **ARTICLE XIX**

### **MISCELLANEOUS PROVISIONS**

19.1 Assignment: Shipper or MichCon shall not broker, assign, convey or transfer its interests, rights and obligations under this Agreement to anyone not meeting the credit worthiness standards hereunder. Either Shipper or MichCon may, however, without relieving itself of its obligations, assign any of its rights and obligations hereunder to a corporation with which it is affiliated at the time of such assignment, provided that such assignment does not materially change the duty of the other party, or increase the burden or risk imposed on the other party under this Agreement, or impair the other party's entitlement to performance.

19.2 Reorganization: Any company which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper or of MichCon, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement.

19.3 Successors and Assigns: This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

19.4 Headings: The headings used throughout this Agreement are inserted for convenience of reference only and are not be considered or taken into account in construing the terms or provisions hereof nor are they to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.

19.5 Gender, Number and Internal References: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein", "hereunder" and words of similar import refer to the entirety of this Agreement and not only to the section in which such use occurs.

19.6 Counterparts: This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an originally executed copy, and it shall not be necessary to produce all counterparts in order to prove this Agreement.

19.7 Entirety: This Agreement and Exhibits A, B, C, and D constitute the entire agreement between MichCon and Shipper concerning the subject matter hereof.

Any prior understandings, representations, promises, undertakings, agreements or inducements, whether written or oral, concerning the subject matter hereof not contained herein shall have no force and effect. This Agreement may be modified or amended only by a writing duly executed by both parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in counterparts, each of which is an original and all of which are identical, as of the day and year first above written.

**MICHIGAN CONSOLIDATED GAS COMPANY**

By: \_\_\_\_\_  
(date)

Title: Senior Vice President

Shipper

By: Daniel B. Goffe 10/24/94  
(date)  
Title: VICE PRES. - OPERATIONS

## **ADDENDUM**

1.4 Antrim Gas produced east of MichCon's Kalkaska facilities shall have priority over any other Gas on facilities constructed under and approved by the Commission in Case No. U-10547.

5.5 Eighty percent (80%) of all Overrun fees as collected in Section 5.1-3, net of those Overrun fees disbursed to other Shippers in Section 5.1-5, shall be disbursed on an annual basis, to the Michigan Oil & Gas Association for Antrim gas research.

**EXHIBIT A**

**Receipt Points**

| <b><u>Number</u></b> | <b><u>Facility/Well Name</u></b> | <b><u>Meter Number</u></b> |
|----------------------|----------------------------------|----------------------------|
|----------------------|----------------------------------|----------------------------|

**Shipper's Receipt Points:**

|       |             |       |
|-------|-------------|-------|
| 1440  | Avery "23"  | 3590  |
| 90032 | Chester "6" | 48106 |

**All other Receipt Points:**

(all Receipt Points listed here for all contracts)

## EXHIBIT B

### Delivery Points

| <u>Number</u> | <u>Facility Name</u>                                                             | <u>Location</u>                         | <u>Pressure (psig)</u> | Total Meter<br>Capacity<br><u>MMcf/d</u> |
|---------------|----------------------------------------------------------------------------------|-----------------------------------------|------------------------|------------------------------------------|
|               | MichCon 30" T&D Line                                                             | Outlet Kalkaska Gas Plant               | 950                    | 360                                      |
|               | Consumers Power 12"<br>T&D Line                                                  | Goose Creek                             | 960                    | 190                                      |
|               | Consumers Power<br>2-12" T&D Lines                                               | Inlet Kalkaska Gas Plant                | 600                    | 190                                      |
|               | ANR 24"<br>Transmission Line                                                     | S. Chester<br>Treating Plant            | 1040                   | 75                                       |
|               | ANR 36"<br>Storage Line                                                          | Outlet Kalkaska Gas Plant               | 950                    | 150                                      |
|               | Great Lakes 36"<br>Transmission Line or<br>alternate points per<br>ANR guarantee | ANR-Deward or alternate<br>Interconnect | 950                    | 50                                       |
|               | Great Lakes 36"<br>Transmission Line                                             | South Hayes<br>Twn.                     | 970                    | 100                                      |

## EXHIBIT C

### Allowable Routing

From

To

Any approved  
Receipt Points  
subject to  
7.2 of this  
Agreement

Delivery Points  
(From Exhibit B)

Percent of  
Total MDQ

## **EXHIBIT D**

### **ANTRIM GAS SERVICES AGREEMENT**

#### **GENERAL TERMS & CONDITIONS**

- I. Service Request
- II. Nominations, Scheduling and Allocations
- III. Paper Pooling
- IV. Imbalances
- V. Measurement
- VI. Quality Specifications
- VII. Diversion of Gas
- VIII. Electronic Bulletin Board
- IX. Creditworthiness Standards

#### **I. SERVICE REQUESTS**

- A. Gas Transportation Service provided pursuant to this Agreement shall be offered on a Firm Basis until 100% of the capacity of the pipeline is subscribed. Thereafter, service shall be offered on an Interruptible Basis. MichCon shall be authorized to provide service on an Interruptible Basis only to the extent capacity exceeds its firm commitments.

- B. In order for a request for Gas Transportation Service to be considered valid, a party must provide MichCon with a completed, fully executed Antrim Header Service Request Form providing such information as the form may require.
- C. MichCon shall respond to each request. If the request is not valid, MichCon shall send a letter within 15 days of receipt of such request pointing out the deficiency(ies). MichCon shall respond to each valid request by forwarding this Service Agreement to the requesting party within 30 days.
- D. If there is insufficient capacity to meet the initial valid requests for service, then the expected system capacity shall be allocated among all valid requests on a pro-rata basis.
- E. If after one year from the date of first flow under this agreement, Shipper transports an amount of gas less than its total MDQ, then such MDQ may be adjusted downward to equal Shipper's prior three months' average flowing quantities. If a Force Majeure event occurred during any of the prior three months, then such month shall be excluded and the next prior month used in its stead. Furthermore, if Shipper's transported quantities exceed Shipper's total MDQ, then Shipper may request a pro-rata

increase of its MDQ, and MichCon shall grant a pro-rata increase for all Shippers at the end of each calendar quarter.

- F. After the initial valid requests are filled, additional requests shall be filled as they are received. However, if there is more requested capacity than capacity available, then such requests shall be filled by prorating the total system capacity among existing Shippers and the new requests. Such system capacity reallocations shall be done at the end of each calendar quarter.

## II. NOMINATIONS, SCHEDULING and ALLOCATIONS

All nominations shall be via MichCon's Electronic Bulletin Board or in writing via facsimile or telecommunication. Any written nomination shall be made on a form provided or approved by MichCon. Shipper shall include for each nomination the daily quantities of Gas on a MMBtu basis that it desires MichCon to transport during each Service Month from each Receipt Point and the daily quantities that Shipper desires MichCon to redeliver at each Delivery Point. Shipper shall also identify the quantity it intends to deliver to each downstream shipper by name, by downstream contract number for interstate deliveries, and the order of priority in the event MichCon must make adjustments pursuant to allocations below.

Further, the sum of the quantities nominated at all Receipt Points hereunder shall not exceed the aggregate MDQ as specified in this agreement, unless by Authorized Overrun Service.

- B. Initial Monthly Nominations: Each Shipper shall submit a nomination at least five (5) working days prior to the first Day of each Month to MichCon's Transportation and Exchange Department at a telephone number to be provided by MichCon.
- C. Nomination Changes after the beginning of the Month: Shipper shall give MichCon's Gas Control Department at least twenty-four (24) hours notice prior to any proposed change of a daily nomination to be effective for the next day. MichCon shall waive such notice upon request if, in its view, the Antrim Gas Pipeline operating conditions permit such waiver. Shipper shall also be allowed to change the order of priority of Receipts and Deliveries by twenty-four (24) hour notice.
- D. MichCon shall confirm each nomination or change of nomination. MichCon shall promptly notify each Shipper of its failure to confirm any nomination hereunder.
- E. Shipper may designate in writing an agent to nominate and schedule transportation service on Shipper's behalf. Such designation shall be in writing. An agent may provide nomination(s) for multiple Shippers. Shipper shall indemnify and save MichCon harmless from all suits,

actions, debts, accounts, damages, costs, losses and expenses arising in any way from Shipper's agent's actions on behalf of Shipper, provided, however, that such indemnification shall not excuse MichCon from liability for actions taken when MichCon is acting as Shipper's agent.

- F. Hourly Variation. Shipper shall maintain uniform hourly rates at all Receipt Points hereunder to the extent practicable.
- G. Delivery of Gas. MichCon shall make daily delivery of thermally Equivalent Quantities of gas, at each Delivery Point that Shipper nominates, provided, however, that Shipper shall not have the right to take delivery of gas for quantities it has not nominated and delivered to MichCon at Receipt Point(s).
- H. Scheduling and Allocation of Capacity. There are four service levels: Firm Service, Authorized Overrun Gas (AOG), Unauthorized Overrun Gas (UOG), and Interruptible Service. For each day, MichCon will schedule receipts and deliveries of gas on the basis of Shippers' confirmed nominations pursuant to the following:
  - i.) If System Shippers fail to use their full MDQ, then excess capacity will exist such that MichCon is able to receive (a) AOG nominations in excess of a Shipper's MDQ, or (b) Interruptible Service nominations;
  - ii.) Unauthorized Overrun Gas shall occur when a Shipper exceeds its MDQ and fails to comply with the criteria set forth in 5.1.4 herein;

- iii.) Firm Service, AOG, or Interruptible Service shall be curtailed on a pro rata basis within each service category; however, any AOG is subordinate to Firm Service and shall be curtailed if any other Firm Shipper(s) wish to nominate up to their MDQ; and further provided that any Interruptible Service is subordinated to AOG and shall be curtailed if a Firm shipper wishes to use AOG;
- iv.) MichCon shall allocate Receipt Point capacity, if required, pro rata by confirmed nominations up to the Firm MDQ at each Receipt Point;
- v.) MichCon shall allocate Antrim Header System capacity, if required, pro rata by confirmed nominations up to the Firm MDQ;
- vi.) MichCon shall allocate Delivery Point capacity, if required, pursuant to each Shipper's Antrim transportation priority (Firm, AOG, or Interruptible) up to the MDQ at each Delivery Point. If allocation of Delivery Point capacity is required among Shippers with firm transportation priority, then such allocation shall be based on each Shipper's instructions to MichCon;
- vii.) In the event that Shipper is transporting UOG and MichCon determines that it will curtail such UOG, then MichCon may identify any volumes by Points of Receipt as the volumes that must be curtailed in order to bring Shipper into compliance with its MDQ.

I. Accounting for Receipts and Deliveries.

i.) Following each month, MichCon shall forward to Shipper a report, either written or by Electronic Bulletin Board, which contains any fuel, and each Shipper's quantities in MMBtu's.

ii.) Allocation of Deliveries.

All deliveries shall be allocated throughout the month based on confirmed nominations at each Delivery Point. Delivery Point quantities shall be reconciled at the end of each calendar month.

iii.) Allocation of Receipts.

Where there is more than one Shipper at a Receipt Point, then allocation of actual quantities shall be made throughout the month pro rata, based on Shipper's confirmed nominations for each such Receipt Point. Receipt Point quantities shall be reconciled at the end of each calendar month.

iv.) Electronic Information

MichCon shall operate its allocation procedures using electronic information available at Receipt Point(s) and/or Delivery Point(s). If such electronic information is not available on any day, then MichCon shall assume that receipts and/or deliveries are equal to nominations, provided, however, that MichCon shall adjust such assumed receipts and/or deliveries to actual receipts and/or deliveries as soon as is reasonably practicable after the actual information becomes available.

Any such prior period adjustments shall not cause a penalty upon any Shipper hereunder.

### III. PAPER POOLING

- A. Once MichCon has allocated gas pursuant to this agreement, then over deliveries by a Shipper at one Receipt or Delivery Point may be offset by underdeliveries by that Shipper at another Receipt or Delivery Point, respectively (Paper Pooling). Such netting shall be used by MichCon for determining any penalties under this agreement..
- B. Paper Pooling shall not relieve any Shipper from its obligation to make valid nominations or its obligation for gas imbalances hereunder.

### IV. MONTHLY IMBALANCES

- A. At the end of each month, MichCon shall provide each Shipper with a gas imbalance statement either via EBB or written copy. Shipper will be afforded the opportunity to make up the imbalance during the subsequent month, subject to IV.B below.
- B. If at end of a month a Shipper's imbalance exceeds its confirmed nomination by 10% or greater, then Shipper shall incur an imbalance penalty of 10¢ per MMBtu. Such penalty shall also apply to any gas imbalance not resolved by the end of the month following the service

month in which an imbalance is occurred and for each month thereafter until the imbalance is resolved.

- C. If upon termination of this Agreement, Shipper has not caused to be delivered to MichCon at the Point(s) of Receipt, quantities of gas that are equal to those that Shipper has taken at the Point(s) of Delivery, plus those quantities retained by MichCon as compensation for use and loss, the term of this Agreement shall be extended for a period of up to 60 days during which time Shipper shall cause the deficient quantity to be delivered to MichCon at a mutually agreeable daily rate. Should Shipper fail to correct this imbalance within the 60 day period, Shipper shall pay MichCon, as liquidated damages, an amount equal to 110% of the currently effective Gas Cost Recovery Factor (pursuant to MichCon's Rules, Regulations and Rate Schedules on file with the Michigan Public Service Commission) for any remaining deficient quantities.

V. MEASUREMENT AND MEASUREMENT EQUIPMENT

A. Measurement

- i. The unit of volume for the purpose of measurement shall be one thousand cubic feet of gas at a temperature base of sixty degrees (60°) Fahrenheit and a pressure base of 14.65 pounds per square inch absolute (psia).

- ii. The average atmospheric (barometer) pressure at each point of receipt and each point of delivery shall be assumed to be fourteen and four-tenths (14.4) pounds per square inch, irrespective of the actual location or elevation above sea level of the point of delivery or of any variation in actual atmospheric pressure from time to time.
- iii. The flowing temperature of the gas(es) shall be determined by means of an instrument of standard manufacture accepted in the industry for this purpose.
- iv. The supercompressibility factor used in computing the volume of gas delivered through an office meter shall be determined in a manner consistent with the method contained in the American Gas Association "Manual for the Determination of Supercompressibility Factors for Natural Gas (AGA Report No. 8)" as such publication may be revised from time to time.
- v. The specific gravity of the gas used in computing the volume of gas delivered shall be determined at intervals of not more than ninety (90) Days by means of an instrument(s) of standard manufacture accepted in the industry for this purpose using a sample of gas, or a representative sample of gas, of the gas stream flowing to the point of receipt or point of delivery.

- vi. The compressibility ratio factors "s" used in computing the volume of gas delivered through a turbine meter or a positive displacement meter shall be determined by the equation  $s = (F_{pv})^2$ , in which "F<sub>pv</sub>" is the supercompressibility factor determined as described in Subsection iv, hereof.
- vii. In determining the flow temperature factor, supercompressibility factor, and compressibility ratio factor "s" for use in computing the volume of gas delivered through a meter, the flowing gas temperature for only the period(s) of time of that gas was flowing through the meter shall be used.

**B. Measurement Equipment**

- i. The volume of gas delivered at the Receipt or Delivery Point(s) shall be measured by:
  - (a) An orifice meter designed, installed, maintained and operated as recommended in the latest issue of American National Standard ANSI/API 2530 (American Gas Association Gas Measurement Report No. 3), entitled "Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids", as such publication may be revised from time to time (hereinafter referred to as "AGA Report

No. 3") (revisions will be incorporated within a reasonable time period); or

- (b) A turbine meter designed, installed, maintained and operated as recommended in the latest issue of American Gas Association Transmission Measurement Committee Report No. 7 entitled "Measurement of Fuel Gas by Turbine Meters", as such publication may be revised from time to time (hereinafter referred to as "AGA Report No. 7") (revisions will be incorporated within a reasonable time period); or
- (c) A positive displacement meter installed and operated in accordance with generally accepted industry practices.

The construction and installation of the metering facilities shall be in accordance with the recommendations and specifications set forth by the reports specified in Section i(a) hereof or by the meter manufacturer specified in Section i(b) hereof.

- ii. Any auxiliary measuring equipment shall be installed, maintained and operated in accordance with generally accepted industry practices. Chromatographs calculating the heating value (Btu) of the gas shall be programmed having the Gas Processors

Associated (GPA) Standard 2145 Table of Paraffin Hydrocarbons and Other Components of Natural Gas.

- iii. The volume of gas delivered at each Receipt or Delivery Point shall be calculated by means of an electronic flow computer located at, or by the processing of meter charts recorded at, each Receipt or Delivery Point. The calculation or processing, in either case, shall be performed in the following manner:
  - (a) When the measuring equipment is an orifice meter, the flow of gas through the meter shall be computed in the manner recommended in AGA Report No. 3, properly using all factors set forth therein.
  - (b) When the measuring equipment is a turbine meter, the volume of gas delivered through the meter shall be computed in the manner recommended in AGA Report No. 7, properly using all facts set forth therein.
  - (c) When the measuring equipment is a positive displacement meter, the volume of gas delivered through the meter shall be computed by properly applying, to the volume delivered

at flowing gas pressures and temperatures, correction factors for (1) absolute static pressure, (2) flowing gas temperature, (3) compressibility ratio and (4) specific gravity.

- iv. The operator, for purposes of this subsection, shall be MichCon, or such other person as the parties may agree in writing.

All flow, measuring, testing and related equipment shall be of standard manufacture, and type approved by MichCon. Shipper may install check measuring equipment, provided that such equipment shall be installed so as not to interfere with the operations of MichCon. Shipper, in the presence of MichCon, if applicable shall have access to measuring equipment at all reasonable times, but the reading, calibrating and adjusting thereof and the changing of charts, if any, shall be done by MichCon. Shipper shall have the right to be present at the time of the installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done by MichCon. The records from such measuring equipment shall remain the property of MichCon, but upon request, Shipper may request record,

including charts, if any, together with calculations therefrom for inspection, subject to return within ten (10) working Days after receipt there of or extended by mutual agreement. Reasonable care shall be exercised in the installation, maintenance and operation of the measuring equipment to avoid any inaccuracy in the determination of the volume of gas received and delivered.

The accuracy of all measuring equipment shall be verified by MichCon at intervals of not more than three (3) Months for orifice meters and six (6) months for turbine and positive displacement meters, and if requested, in the presence of representatives of the Shipper, but neither MichCon nor Shipper shall be required to verify the accuracy of such equipment more frequently than once in any thirty (30) Day period. However, if an electronic measurement system is utilized, its components shall be calibrated at least once every ninety (90) Days pursuant to Section viii below. If MichCon agrees to verification and testing of measuring equipment and fails to perform the verification and testing, then Shipper shall have the right to cease or temporarily discontinue service under this Agreement relative to such measuring equipment. If either party at any time desires a special test of any

measuring equipment, it will promptly notify the other party and the parties shall then cooperate to secure a prompt verification of the accuracy of the equipment. The expense of any special test shall be borne by the party requesting it if the measuring equipment is found to be in error by not more than 2% for manual equipment or for EGM equipment the percentage cited in viii(a). If, upon any test, any measuring equipment is found to be in error, such errors shall be taken into account in a practical manner in computing the deliveries. If the resultant aggregate error in the computed receipts or deliveries is not more than 2% for chart records or pursuant to viii(a) for EGM equipment, then previous receipts or deliveries shall be considered accurate. All equipment shall, in any case, be adjusted at the time of testing to record correctly. If, however, the resultant aggregate error in computing receipts or deliveries exceeds 2% for chart records or pursuant to viii(a) for EGM equipment, at a recording corresponding to the average hourly rate of gas flow rate for the period since the last preceding test; the previous recordings of such equipment shall be corrected to zero error for any period that is known definitely or agreed upon, but in case the period is not known definitely, or

agreed upon, the correction shall be for the period extending over one-half of the time elapsed since the date of the last test.

- v. In the event any measuring equipment is out of service, or is found registering inaccurately, previous recordings of receipts or deliveries through such equipment shall be corrected using the following procedures:
  - (a) by using the registration of any check meter or meters, if installed and accurately registering, or in the absence of (a);
  - (b) by correcting the error if the percentage of error is ascertainable by calibration, special test or mathematical calculation, or in the absence of both (a) and (b) then:
  - (c) by estimating the quantity of receipt or delivery based on receipts or deliveries during preceding periods under similar conditions when the meter was registering accurately.

The correction period shall not exceed twelve (12) months from the most recent test.

- vi. If at any time during the term of service a new method or technique is developed with respect to gas measurement or the determination of the factors used in gas measurement, the new

method or technique may be substituted upon mutual agreement by both parties.

vii. The parties agree to preserve for a period of at least two (2) years or such longer period as may be required by public authority, all test data, charts, and other similar records.

viii. Electronic Gas Measurement (EGM) Technical Requirements

(a) Accuracy: The meter system should use instruments that will provide an overall measurement accuracy of  $\pm$  or  $-$  0.5% of flow, taking into account all the sources of error, including calibrated span of instruments, linearity, hysteresis, repeatability, ambient temperature, stability, vibration, and power supply fluctuation. Generally, this accuracy can be achieved only by the use of high accuracy smart transmitters with a published accuracy of  $\pm$  0.1%.

If the EGM is a retrofit to replace existing mechanical chart recorders, an overall accuracy of  $\pm$  1.0% of flow will be acceptable. This accuracy can generally be achieved by utilizing transmitters with a published accuracy of  $\pm$  0.25%.

Differential Pressure Transmitters shall be of a type that selfcompensate for static pressure effect or manufacturer's published compensation factor shall be programmed into the flow computer (RTU).

All instruments should operate on a temperature range of - 30 degrees Fahrenheit to +120 degrees Fahrenheit and a non-condensing relative humidity range of 0 to 95%. The unit must be able to withstand mechanical shock of at least 1 G and Shipper or Producer will to be held responsible for any accidental damage to the equipment as a result of mechanical shock of over 1 G.

- (b) Computation: The flow computer of the meter system shall as a minimum perform flow calculation per AGA-3, AGA-7, and AGA-8 requirements. As the aforementioned calculation methods are revised from time to time, new releases shall be implemented within twelve months from the release data. All other methods of computation must be approved by both Shipper or Producer and MichCon. All measured variables for differential pressure, static pressure, and temperature shall be sampled at lest once per second.

All volume calculations shall be made at least once per second. Calculation of supercompressibility shall occur at least once every 30 seconds.

- (c) Data Security: The flow computer must have password protection before data can be accessed or any parameters be changed. The computer must have a log of all changes made to the configuration.
- (d) Safety: The EGM system must meet standards for Class I, Division 2, Group D installations.
- (e) Power: The flow computer (RTU) and the related hardware should run on re-chargeable batteries. These batteries can be charged by either 120VAC, 24VDC or solar panels. For previously installed equipment, the battery capacity shall not be less than eight (8) hours. For future EGM installations, the battery capacity shall be at least twenty-four (24) hours when fully charged.
- (f) Local Display: Shipper or Producer shall be provided with capability to monitor volume information being recorded by measurement system on an ongoing basis with either RTU display or transmitters with local display.

- (g) Calibration: All equipment used for EGM shall be tested and calibrated every 90 days, or in accordance with the requirements of the agency(ies) having jurisdiction, or in accordance with contractual agreements, whichever of these requirements are more stringent. All test and calibration equipment shall be certified to 0.1 % accuracy and traceable back to an NGS primary standard. All test and calibration equipment shall be re-certified by a third party at least annually. In addition, MichCon shall perform such inspections and test of the accuracy of the equipment used in the EGM system calibrations. A copy of any inspection, test of certification report, whether performed monthly or annually by MichCon or an outside third party, shall be made available to Shipper or Producer personnel upon written request. MichCon shall provide Shipper or Producer with documentation on the tests and inspection and the annual certification planned for the equipment used to calibrate the EGM equipment. Calibration equipment must satisfy all applicable safety codes for the location in which it is being used, or the area must be checked and

confirmed as gas free (less than 5% LEL) prior to and during use.

A full loop (end device through RTU) test/calibration is required on all ANALOG inputs. Any adjustments to or calibration of the equipment shall be documented and kept as part of the audit trail.

Provisions shall be made for Shipper or Producer to tap into meter run with an electronic transmitter for periodic calibration comparison, provided, however, any such tap shall be done with permission from MichCon and shall not interfere with MichCon's measurement operations at that point.

The flow computer and/or RTU shall freeze the analog transmitter values during transmitter calibration and orifice plate removal and use these frozen values for the flow computation during calibration and orifice plate removal and re-installation.

h. Audit: The following information must be kept for a minimum of two (2) Years following the calendar year of production, unless required by contract to be kept longer or by the applicable, valid requirements of any governmental bodies having or asserting jurisdiction:

- (1) All calculated volumes, energies, and daily averages must be maintained in their original unaltered form.
- (2) Any changes to the data to correct for inaccuracies must be fully documented, including assumptions and factors used in calculating the adjustment.
- (3) All event logs, alarm logs, test/calibration reports, gas analyses, preventive maintenance documentation, or any other document containing EGM related data.

All audit information will be available to Shipper personnel during normal business hours, upon request..

## VI. GAS QUALITY SPECIFICATIONS

Unless prior approval is obtained from MichCon, all Gas received and delivered under the terms of this Agreement shall conform to the following specifications:

- (a) The Gas shall be commercially free from dust, gum, gum-forming constituents, and all other solid and liquid matters which may interfere with its

merchantability or cause injury to or interfere with proper operation of the pipelines, regulators, meters or other appliances through which it flows:

(b) The Gas shall not contain anything which might adversely affect the safe and efficient operation of MichCon's downstream facilities:

(c) The water content of the Gas shall not exceed 7 pounds per million cubic feet, however, every reasonable effort shall be made to keep the water content at or below 5 pounds per million cubic feet;

(d) The Gas shall not contain oxygen. Operator shall maintain its equipment to insure the gas is free of oxygen;

(e) At each Receipt Point or Delivery Point the carbon dioxide content of the Gas shall not exceed two (2%) mole percent;

(f) The Gas shall not contain more than 1/4 grain of hydrogen sulfide per 100 cubic feet;

(g) The Gas shall not contain more than 1/2 grain of mercaptan sulfur per 100 cubic feet;

(h) The Gas shall not contain more than 5 grains of total sulfur per 100 cubic feet, including the sulfur in any hydrogen sulfide, mercaptan, sulfides and residual sulfur.

(i) The Gas shall have a total heating value per cubic foot of not less than 950 British thermal units at a base pressure of 14.65 pounds per square

inch at 60 degrees fahrenheit on a dry basis or as further provided in the downstream pipelines' tariff.

(j) In the event the Gas delivered by Shipper at the Receipt Point(s) fails at any time to meet these quality specifications, MichCon shall notify Shipper of such deficiency and thereupon may, at its option, refuse to accept deliveries pending correction. Upon demonstration acceptable to MichCon that the Gas being tendered for delivery meets these quality specifications or that Shipper has arranged for the necessary treatment, processing or other action required for the Gas to meet these quality specifications, MichCon shall commence or resume, as the case may be, taking delivery of Gas.

(k) Shipper agrees to indemnify and hold MichCon harmless for any and all liability resulting from MichCon's movement of Gas which fails to meet the specifications hereunder and which have not been waived in writing, including contamination or damage to other Gas being transported.

VII. DIVERSION OF GAS. The Antrim Pipeline (System) is a stand-alone system for the CO<sub>2</sub> treating and transportation gathering of Antrim Shale Gas. This System has no direct End User or Distribution markets, but rather interconnects with four pipelines that do have direct markets. The Parties recognize that the System is thus not subject to diversion of gas. However, to the extent System gas is delivered into

each of the four pipelines hereunder, then such gas is subject to the diversion rules that apply to each such pipeline.

#### VIII. ELECTRONIC BULLETIN BOARD (EBB).

MichCon shall establish an EBB system that can be accessed twenty-four (24) hours a day, seven days a week, to obtain such information as:

- (a) Operational notices detailing the nature of any problem(s),
- (b) Available System capacity along each pipeline segment.
- (c) the total daily nominations for each System Receipt and Delivery Point along with the total and available capacities at each Delivery Point,
- (d) a list of Shippers and each Shipper's MDQ.
- (e) an end of month Allocation Report

Sections VIII a-e are provided as examples of the type of information the MichCon EBB may be able to provide. Nothing contained shall obligate MichCon to make available any specific information on its EBB.

#### IX. CREDITWORTHINESS STANDARDS.

MichCon shall not be required to commence Gas Transportation Service or to continue to provide Gas Transportation Service under this Agreement if Shipper is or has become insolvent and is not paying its bills hereunder to MichCon, or

if Shipper, when requested by MichCon to demonstrate credit worthiness, fails to do so pursuant to MichCon's reasonable requirements provided, however, that Shipper may receive Gas Transportation Service if Shipper deposits with MichCon and maintains, on prepaid account, an amount equal to amounts which would be due for one months service at the full MDQ; or furnishes, within fifteen days, good and sufficient security, as reasonably determined by MichCon, of a continuing nature and in an amount equal to such amounts which would be due. Shipper shall be deemed to be creditworthy if it has made a prepaid account deposit each month over a six consecutive month period, provided, however, that if such Shipper has a late payment in any subsequent month, it is no longer creditworthy and must again comply with the foregoing.

MPSC Case No. U-14754

Exhibit DOM-29

U-14754  
DOMC-1.1/1

DELTA

ASATT 09

**ANTRIM GAS SERVICE AGREEMENT**

# **ANTRIM GAS SERVICE AGREEMENT**

## **TABLE OF CONTENTS**

| <b><u>ARTICLE</u></b> | <b><u>TOPIC</u></b>                           |
|-----------------------|-----------------------------------------------|
| 1.1                   | Regulatory Approval                           |
| 1.2                   | Conditions                                    |
| 2.1                   | Dedication of Reserves                        |
| 3.1                   | Term                                          |
| 4.1                   | Gas Transportation Service                    |
| 4.2                   | Allocation of Plant Shrinkage & Pipeline Fuel |
| 4.3                   | CO <sub>2</sub> Treating Plant Performance    |
| 5.1                   | Rates                                         |
| 5.2                   | Application of Rates                          |
| 6.1                   | Nominations                                   |
| 6.2                   | Use of Electronic Bulletin Board              |
| 7.1                   | Receipt Points                                |
| 7.2                   | Condition of Use                              |
| 8.1                   | Delivery Points                               |
| 9.1                   | Disposition of Gas                            |
| 10.1                  | Possession of Responsibility                  |
| 11.1                  | Delivery Pressure                             |
| 12.1                  | Taxes                                         |
| 13.1                  | Warranty of Right to Deliver                  |

| <b><u>ARTICLE</u></b> | <b><u>TOPIC</u></b>                         |
|-----------------------|---------------------------------------------|
| 14.1                  | Billing and Payment                         |
| 14.2                  | Currency Denomination                       |
| 14.3                  | Examination of Records                      |
| 14.4                  | Late Payment                                |
| 14.5                  | Claims of Over and Under-Charges            |
| 15.1                  | Non-Waiver of Future Defaults               |
| 16.1                  | Force Majeure                               |
| 16.2                  | Performance and Remedy of Force Majeure     |
| 17.1                  | Laws, Orders, Rules and Regulations         |
| 17.2                  | Authority under MPSC - Act 9                |
| 17.3                  | Interstate Service per FERC                 |
| 17.4                  | Applicable Law                              |
| 18.1                  | Notice                                      |
| 18.2                  | Change of Address and Routine Communication |
| 19.1                  | Assignment                                  |
| 19.2                  | Reorganization                              |
| 19.3                  | Successors and Assigns                      |
| 19.4                  | Headings                                    |
| 19.5                  | Gender, Number and Internal References      |
| 19.6                  | Counterparts                                |
| 19.7                  | Entirety                                    |

## **SCHEDULE OF EXHIBITS**

| <b><u>EXHIBIT</u></b> | <b><u>SUBJECT</u></b>                   |
|-----------------------|-----------------------------------------|
| A.                    | Receipt Points                          |
| B.                    | Delivery Points                         |
| C.                    | Allowable Routing                       |
| D.                    | General Terms & Conditions              |
| I.                    | Service Request                         |
| II.                   | Nominations, Scheduling and Allocations |
| III.                  | Paper Pooling                           |
| IV.                   | Imbalances                              |
| V.                    | Measurement                             |
| VI.                   | Quality Specifications                  |
| VII.                  | Diversion of Gas                        |
| VIII.                 | Electronic Bulletin Board               |
| IX.                   | Creditworthiness Standards              |

**MICHIGAN CONSOLIDATED GAS COMPANY**  
**ANTRIM GAS SERVICE AGREEMENT**

**THIS AGREEMENT** is entered into as of this 13th day of September 1994,  
by and between Delta Oil Co., Inc.  
("Shipper"), having office at 125 Windsor Drive #101 Oak Brook, Illinois 60521  
\_\_\_\_\_ and MICHIGAN CONSOLIDATED GAS  
COMPANY ("MichCon"), having its principal offices at 500 Griswold, Detroit,  
Michigan 48226.

**RECITALS**

**WHEREAS** Shipper has requested MichCon to transport and treat Antrim Gas  
on Shipper's behalf; and

**WHEREAS** MichCon is willing to provide the requested transportation and  
treating service subject to the terms and conditions contained in this Agreement;

**NOW, THEREFORE**, in consideration of the mutual promises, agreements  
and undertakings in this Agreement, Shipper and MichCon agree as follows:

## **ARTICLE I**

### **REGULATORY APPROVAL AND CONDITIONS**

1.1 MichCon has filed Case No. U-10547 with the Michigan Public Service Commission (the "Commission") for authority to construct, cause to be constructed, acquire, own and operate facilities and services which MichCon has determined are necessary to permit receipt, carbon dioxide (CO<sub>2</sub>) treating, transportation and redelivery (hereinafter collectively referred to as "Gas Transportation Service") of natural gas produced from the Antrim shale formation ("Antrim Gas" or "Gas") delivered to MichCon pursuant to this Agreement. The term "Antrim Header System", as used in this Agreement, will incorporate by reference the system ultimately approved by the Commission in Case No. U-10547, together with all future extensions, modifications, or loops thereof as well as use of existing pipelines and related facilities.

1.2 This Agreement is specifically conditional upon the continued prosecution by MichCon of its application in MPSC Case No. U-10547, approval by the appropriate regulatory agencies of the facilities and services in Case No. U-10547, and acceptance of a Commission order by MichCon, at its sole discretion. If Case U-10547 is not approved and accepted by 4/15/95, Shipper has the option to declare this agreement null and void. Provided, however, if MichCon receives and accepts an order after 4/15/94, but before Shipper exercises its option, then Shipper may no longer declare this agreement null and void.

1.3 This Agreement is specifically conditional upon MichCon's agreement to create a priority in the 30-inch pipeline expansion downstream of Kalkaska for transportation of Gas from the wetheader or dry Antrim header. Also, MichCon shall provide for and make any future pipeline interconnections, consistent with its then prevailing receipt point program, upon written request by Shippers with all costs to be borne by Shippers.

## **ARTICLE II**

### **DEDICATION OF RESERVES**

2.1 For any Antrim Gas to be transported and treated on a firm basis pursuant to this Agreement, the party who owns or controls the acreage from which the gas to be transported and treated is produced shall have first committed, by a Letter of Dedication, all previously undedicated Antrim reserves which it owns and controls and which can be reasonably serviced by the Antrim Header System (Initial Acreage Dedication). Furthermore, Antrim Gas which is produced from after acquired or controlled acreage and which desires firm transportation must also first be committed to the Antrim Header System by a Letter of Dedication. (Additional Acreage Dedication). Such dedications shall be made on a form provided or approved by MichCon. MichCon may refuse firm service for any Antrim Gas which has not been committed as provided for above.

## **ARTICLE III**

### **TERM**

**3.1** All terms and conditions of this Agreement, except Sections 1.2 and 1.3 shall be effective on the in-service date ("In-Service Date") of the Antrim Header System, which is the date the 16" Kalkaska to South Chester Pipeline facilities approved under U-10547 are placed in service, and shall terminate ten (10) years later unless terminated earlier as provided in Section 3.2. MichCon shall provide Shipper written notice of the In-Service Date. Sections 1.2 and 1.3 shall be effective upon execution of this Agreement.

**3.2** Shipper shall have the right to terminate this Agreement during the period of 60 days immediately following the date this Agreement is executed, provided that upon termination Shipper enters into an equivalent Agreement for transportation on the Antrim Header System (at a basic charge of 9 cents per Mcf) all subject to approval by the appropriate regulatory agencies of the facilities and services in MPSC Case No. U-10547.

## **ARTICLE IV**

### **GAS TRANSPORTATION SERVICE**

**4.1** Shipper shall deliver or cause to be delivered to MichCon, Antrim Gas for Gas Transportation Service up to a maximum daily quantity ("MDQ") of 11,500 Mcf MichCon shall provide Gas Transportation Service for Shipper or for the account

of Shipper and shall redeliver an Equivalent Quantity of natural gas in MMBtu's at the delivery points nominated pursuant to this agreement. For purposes of this agreement the term "Equivalent Quantity(ies)" shall mean the quantity of Gas received from Shipper less any amount withheld by MichCon for Pipeline Loss and/or Plant Shrinkage . Carbon dioxide treating is provided as part of the Gas Transportation Service such that CO<sub>2</sub> is removed to ensure that the gas at the Delivery Point(s) meets at a minimum, the quality specifications set forth in the attached Exhibit D. Gas Transportation Service pursuant to this agreement shall be provided on a FIRM \_\_\_\_\_ Basis.

4.2 MichCon will allocate proportionately among all Shippers who flow quantities of Gas during the month, the combined volumetric Gas stream loss in MMBtu's associated with CO<sub>2</sub> removal and the fuel actually used each month at all the CO<sub>2</sub> treating plant(s) on the Antrim Header System (together collectively referred to as "Plant Shrinkage"). Provided, however, that the amount of fuel actually used shall never exceed the amount of fuel that would be customarily used by the type of treating plants employed in their normal course of operation. This proportional allocation will be based on the level of CO<sub>2</sub> in each Shipper's Gas as MichCon determines by Gas analysis at least every 90 days and the Shipper's quantity of Antrim gas that is delivered into the Antrim Header system during any month at each Receipt Point as specified in Exhibit B. MichCon shall retain 0.5% of all Nominated, Authorized and Unauthorized Overrun Quantities for pipeline losses ("Pipeline Loss"). Provided,

however, that if the Delivery Point for Shipper's Gas is into MichCon's transmission and distribution pipeline system, then the Pipeline Loss of 0.5% shall be borne by the downstream transporter. Plant Shrinkage and Pipeline Loss will be calculated and withheld from the quantity of Gas that is redelivered for the account of Shipper at each Delivery Point.

4.3 The CO<sub>2</sub> treating plants at which Antrim Gas will be treated as part of the Gas Transportation Service provided under this Agreement, shall be operated on a run time of at least 94% in any calendar year including time allowed for shut downs due to scheduled and routine repairs and maintenance. In the event that the percentage of CO<sub>2</sub> treating plant run time is less than 94% for any calendar year and, as a result, a Shipper cannot get Gas to market because its untreated Gas would not be received, transported or exchanged by a designated downstream pipeline, then for each one percent deficiency below 94% MichCon shall pay Shipper one cent for each Mcf of Gas that cannot reach its intended market. The provisions of Section 17.1 shall control over this Section.

## **ARTICLE V**

### **RATES**

5.1 For the services provided for herein, Shipper shall pay MichCon a monthly amount as follows:

1. A monthly customer administrative charge of \$300.

2. A Basic Charge equal to the quantities of Gas Shipper actually flowed during the month up to its MDQ times 20.0¢ per Mcf.
3. Shipper shall be billed, in addition to the Basic Charge, an Overrun Charge of \$3.20 per Mcf for any quantities of Gas delivered that exceed the MDQ ("Unauthorized Overrun Gas") provided, however, an Overrun Charge shall not be incurred;
  - a. In any month where Shipper, after meeting the criteria set forth in 5.1.4 herein, delivers Gas in excess of the MDQ ("Authorized Overrun Gas"); or
  - b. In any month where the overage averages no more than five (5) percent above (i) the MDQ or (ii) the MDQ plus any Authorized Overrun Gas (the "Swing Percentage").
  - c. In circumstances where Overrun Gas occurred temporarily for less than a 24 hour period and resulted from an inadvertent surge or increase of Gas from Shipper's facilities due to equipment failure. However, only one such failure shall be allowed in any calendar month. .
4. Shipper must meet one of the following criterion before flowing Authorized Overrun Gas:

- a. Shipper must obtain MichCon's written permission to flow gas in excess of Shipper's MDQ prior to submitting a nomination; or
- b. Shipper must notify MichCon by facsimile 48 hours prior to the deadline for submitting a nomination, or by EBB 24 hours prior to the deadline, of its intent to submit a nomination to flow gas in excess of Shipper's MDQ. Such intent shall be clearly identified on the request. If Shipper does not receive notification of MichCon's denial of Shipper's request by facsimile or by EBB by the nomination deadline, then Shipper may assume MichCon's permission has been granted and may flow gas in excess of its MDQ up to the amount indicated in the facsimile to MichCon.

This implied approval shall be good only for one month.

- 5. Any Shipper not able to flow its nominated quantity up to its MDQ as a result of Unauthorized Overrun Gas shall receive, on a calendar year quarterly basis, its proportionate share of 80% of the actual funds MichCon collects as Overrun Charges. Shipper's proportionate share shall be an amount equal to Shipper's quantity of Gas which did not flow during the calendar quarter as a result of Unauthorized Overrun Gas up to Shipper's MDQ divided by

the total quantity of Gas which did not flow because of  
Unauthorized Overrun Gas during the calendar quarter.

5.2 All charges set forth in this Article except the monthly customer administrative charge shall be applied to quantities in units of Mcf delivered at the Receipt Point(s) as measured in accordance with the terms of Exhibit D of this Agreement.

5.3 Actual billing shall be on an MMBtu basis. The rate per MMBtu shall be determined according to the following formula:

$$\frac{1,000}{\text{Actual Btu}} \quad \times \quad \frac{\text{Appropriate}}{\text{Mcf Rate}}$$

## **ARTICLE VI**

### **NOMINATIONS, DELIVERIES**

6.1 Shipper must nominate all quantities of gas that will be transported pursuant to this Agreement and as further detailed in Exhibit D: General Terms and Conditions.

6.2 Pursuant to the terms of Exhibit D, MichCon shall establish an Electronic Bulletin Board (EBB) as part of its Antrim Header System within one year of the "in-service" date. MichCon shall provide Shipper notice once it has established its EBB and detailed procedures for nominating using the EBB. After a reasonable phase-in period MichCon may require all Shippers to nominate their quantities of gas using the EBB.

## **ARTICLE VII**

### **RECEIPT POINT(S)**

7.1 Shipper shall deliver or cause to be delivered Antrim Gas at the Receipt Point(s) set forth in Exhibit A. All Gas delivered to MichCon shall meet the quality specification set out in Exhibit D.

7.2 MichCon, at its sole option, may refuse to accept Gas at any Receipt Point(s) listed on Exhibit A which is not subject to a signed Receipt Point Agreement between MichCon or its designee and the party responsible for the Receipt Point.

## **ARTICLE VIII**

### **DELIVERY POINT(S)**

8.1 MichCon shall redeliver to Shipper, or for the account of Shipper; at the Delivery Point(s) set forth in Exhibit B, Equivalent Quantities of Gas; provided, however, that the allowable routing of any Gas Transportation Service shall be within the parameters defined by Exhibit C.

## **ARTICLE IX**

### **DISPOSITION OF GAS**

9.1 Because of the inability of MichCon and Shipper to maintain precise control over the rate of flow and quantities of Gas to be received and delivered, the parties shall exercise reasonable efforts to keep Gas receipts and deliveries in balance.

Subject to the limitations contained in this section, MichCon will use Electronic Gas Measurement (EGM) for any Receipt Point under this Agreement. In the case of new Receipt Points, that is Receipt Points installed after the In-Service Date, MichCon will install EGM pursuant to its then prevailing Receipt Point program on all new interconnects. As to existing Receipt Points, that is Receipt Points installed prior to the In-Service Date, MichCon shall be obligated to retrofit existing Receipt Points with EGM only in those cases where a Receipt Point owner requests such a retrofit in writing and agrees to pay any costs associated with the retrofit. However, if MichCon determines that retrofitting Receipt Points with EGM is necessary for the efficient operation of the Antrim Header System, then MichCon can mandate installation of EGM at such points with costs borne by the Receipt Point holder.

9.2 MichCon shall have the right to commingle Gas delivered hereunder with Gas owned by MichCon and/or transported by MichCon for others so long as the resulting commingled gas stream meets the Delivery Point quality specifications in Exhibit D.

## **ARTICLE X**

### **POSSESSION AND RESPONSIBILITY**

10.1 As between MichCon and Shipper, Shipper shall be deemed in exclusive control and possession of the gas transported hereunder and responsible for any damage or injury caused thereby until it is delivered to MichCon at the Receipt

Point(s) and after it is redelivered by MichCon at the Delivery Point(s). MichCon shall be deemed in exclusive control and possession of the gas and responsible for any damage or injury caused thereby after it is delivered by Shipper, or for Shipper's account, at the Receipt Point(s) and before it is redelivered by MichCon at the Delivery Point(s).

## **ARTICLE XI**

### **DELIVERY PRESSURE**

11.1 Shipper shall deliver quantities of Antrim Gas or cause quantities of Antrim Gas to be delivered to MichCon at the Receipt Point(s) at MichCon's prevailing line pressure but not to exceed its maximum allowable operating pressure (MAOP). Shipper shall receive quantities of Antrim Gas, or cause quantities of Antrim Gas to be received by a third party transporter, at the Delivery Point(s) as noted in Exhibit B.

## **ARTICLE XII**

### **TAXES**

12.1 Shipper shall pay all taxes, tariffs, and duties however designated, levied, or charged resulting from services provided under this Agreement, including, without limitation, all state and local privilege or excise taxes, and any amount in lieu of such

taxes, tariffs and duties paid or payable by MichCon, exclusive however of taxes based on the net income of MichCon, property taxes, and MichCon's single business taxes. Shipper shall reimburse MichCon for any such taxes, tariffs and duties which are collected and remitted or paid on Shipper's behalf by MichCon because of Shipper's failure to pay. MichCon or its Vendors shall not be entitled to Internal Revenue Code-Section 29 tax credits on any Gas under this Agreement.

### **ARTICLE XIII**

#### **WARRANTY OF RIGHT TO DELIVER**

13.1 Shipper warrants that at the time of delivery it shall have the right to deliver the Gas and that it shall indemnify, defend, and save MichCon harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to the gas or to royalties, taxes, license fees or charges thereon.

### **ARTICLE XIV**

#### **BILLING AND PAYMENT**

14.1 On or about the twentieth day of each calendar month, MichCon shall render a statement to Shipper based on the charges set forth in Section 5. Shipper shall pay MichCon on or before the 25th day of the month or ten (10) days after receipt of the statement, the amount billed in that statement. All such payments shall

be made in the form of immediately available funds directed to a bank account designed by MichCon's Treasurer.

14.2 The statements rendered pursuant to this Agreement shall be denominated in U.S. Dollars (\$U.S), and all payments shall be made in \$U.S.

14.3 Shipper shall have the right at all reasonable times to examine the books, records and charts of MichCon to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any provisions of this Agreement.

14.4 Should Shipper fail to pay any undisputed amount of any statement rendered by MichCon when such amount is due, a late payment charge equal to that month's NBD prime plus 2% per month of the undisputed amount of the statement, net of taxes, not compounded, shall be added to the statement, and MichCon in its sole discretion may after 10 days prior written notice suspend further Gas Transportation Service to Shipper until the undisputed amount is paid.

14.5 If Shipper shall find at any time within twenty-four months after the date of any statement rendered by MichCon that it has been overcharged due to an error by MichCon in the amount billed in such statement, and if the overcharge has been paid, and Shipper has made a written claim thereof within twenty-four months from the date of such error, the overcharge, when verified by MichCon, shall be refunded within 30 days. If MichCon shall find at any time within twenty-four months after the date of any statement rendered by it that there has been an undercharge in the amount billed

in such statement, it may submit a statement for such undercharge within twenty-four months of such error, and Shipper, upon verifying the same, shall pay such amount within 30 days.

## **ARTICLE XV**

### **NON-WAIVER OF FUTURE DEFAULTS**

15.1 No waiver by either party of any one or more defaults by the other in the performance of any provision of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

## **ARTICLE XVI**

### **FORCE MAJEURE**

16.1 Neither Shipper nor MichCon shall be liable in damages, or in any other remedy, legal or equitable, to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, sabotage, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests, restraints of rulers and

peoples, civil disturbances, explosions, breakage or accident to machinery, lines of pipe, wells, flowlines, production facilities of related equipment, or CO<sub>2</sub> treating plants or the necessity to make unscheduled shutdowns (for purposes of necessary maintenance, repairs, tests, or alterations to machinery, lines of pipe or CO<sub>2</sub> treating plants), well or line freezeups, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, or any other cause, whether of the kind herein enumerated, or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension.

16.2 Such causes of contingencies affecting the performance of this Agreement by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance of this Agreement relieve either party from its obligation to make payments of amounts then due thereunder, nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing or by telecopy to the other party as soon as possible after the occurrence relied on.

## **ARTICLE XVII**

### **LAWS, ORDERS, RULES AND REGULATIONS**

17.1 The performance by the parties of their obligations set forth in this Agreement shall be subject to all valid and applicable laws, orders, rules and regulations of any duly constituted authority having jurisdiction.

17.2 Authority for Gas Transportation Service under this Agreement is provided pursuant to 1929 PA 9, as amended (Act 9); MCL 483.101 et seq.

17.3 Gas Transportation Service provided by MichCon under this Agreement, if in interstate commerce, is subject to the provisions of Subpart C, Part 284 of the regulations of the Federal Energy Regulatory Commission.

17.4 THIS AGREEMENT SHALL BE GOVERNED BY THE LAW OF THE STATE OF MICHIGAN. It is agreed that any and all litigation related to this Agreement shall be brought in either a state or federal court located within the State of Michigan, and each party, for purposes of any such litigation, submits to the exclusive jurisdiction and venue of that court.

## **ARTICLE XVIII**

### **NOTICE**

18.1 Any notice, request, demand, statement or payment provided for in this Agreement shall be sent in writing to the parties at the following addresses:

Shipper:

Telephone: ( )

Telecopy: ( )

MichCon:

Payments: As directed on the invoice

Nominations:       Manager, Transportation & Exchange  
Telecopy:

All Other:           Manager, Gas Supply & Transportation

Michigan Consolidated Gas Company  
500 Griswold Street, 26th Floor  
Detroit, Michigan 48226  
Telephone: (313) 256-5541  
Telecopy: (313) 256-6416

18.2 Either party may change its address under this Agreement by notice to the other party. Unless otherwise provided, all notices given by one party to the other shall be sent by registered mail, overnight mail or by telecopy and shall be effective upon receipt. However, routine communications, including monthly invoices, shall be considered as duly delivered when mailed by either registered, overnight or ordinary mail.

## **ARTICLE XIX**

### **MISCELLANEOUS PROVISIONS**

19.1 Assignment: Shipper or MichCon shall not broker, assign, convey or transfer its interests, rights and obligations under this Agreement to anyone not

meeting the credit worthiness standards hereunder. Either Shipper or MichCon may, however, without relieving itself of its obligations, assign any of its rights and obligations hereunder to a corporation with which it is affiliated at the time of such assignment, provided that such assignment does not materially change the duty of the other party, or increase the burden or risk imposed on the other party under this Agreement, or impair the other party's entitlement to performance.

19.2 Reorganization: Any company which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper or of MichCon, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement.

19.3 Successors and Assigns: This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

19.4 Headings: The headings used throughout this Agreement are inserted for convenience of reference only and are not be considered or taken into account in construing the terms or provisions hereof nor are they to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.

19.5 Gender, Number and Internal References: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein", "hereunder" and words of

similar import refer to the entirety of this Agreement and not only to the section in which such use occurs.

19.6 Counterparts: This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an originally executed copy, and it shall not be necessary to produce all counterparts in order to prove this Agreement.

19.7 Entirety: This Agreement and Exhibits A, B, C, and D constitute the entire agreement between MichCon and Shipper concerning the subject matter hereof. Any prior understandings, representations, promises, undertakings, agreements or inducements, whether written or oral, concerning the subject matter hereof not contained herein shall have no force and effect. This Agreement may be modified or amended only by a writing duly executed by both parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in counterparts, each of which is an original and all of which are identical, as of the day and year first above written.

**MICHIGAN CONSOLIDATED GAS COMPANY**

By: \_\_\_\_\_  
(date)

Title: Senior Vice President

Delta Oil Co., Inc.

**Shipper**

By: Chris Kokenis  
Chris Kokenis

## **ADDENDUM**

1.4 Antrim Gas produced east of MichCon's Kalkaska facilities shall have priority over any other Gas on facilities constructed under and approved by the Commission in Case No. U-10547.

4.4 In the event that the run time of the CO<sub>2</sub> treating plants is less than 94% in any calendar year as specified in 4.3 above, and Shipper cannot get its Gas to market because its untreated Gas would not be received, transported or exchanged by a designated downstream pipeline, and MichCon has not corrected the problem within 90 days, except for reasons of Force Majeure, then shipper may, by giving MichCon 30 days prior written notice, cancel the treating portion of this Agreement for all Receipt Point(s) affected hereunder. After such time MichCon will bill only for transportation.

5.5 Eighty percent (80%) of all Overrun fees as collected in Section 5.1-3, net of those Overrun fees disbursed to other Shippers in Section 5.1-5, shall be disbursed on an annual basis, to the Michigan Oil & Gas Association for Antrim gas research.

Amendment No. 1 to Exhibit A for ASATT No. 9 (63001)  
between MichCon Gathering and Delta Oil Co., Inc.  
dated September 13, 1994.

The parties hereby agree to delete the existing Exhibit A and replace  
it with the following effective January 1, 1998:

| <u>Receipt<br/>Point<br/>Number</u> | <u>Receipt<br/>Point<br/>Name</u> | <u>Allocation<br/>Number</u> | <u>Allocation<br/>Name</u> | <u>Shipper's % Dedicated to<br/>Transportation &amp; Treating</u> | <u>Shipper's % of Gas Flow</u> |
|-------------------------------------|-----------------------------------|------------------------------|----------------------------|-------------------------------------------------------------------|--------------------------------|
| 44745                               | Otsego Lake 34 RM                 | 53649                        | New Horse                  | 100                                                               | 100                            |
| 44777                               | Montmorency 32                    |                              |                            | 100                                                               | 100                            |
| 80038                               | Dover 27 COM RMS                  |                              |                            | 100                                                               | 100                            |
| 80042                               | Dover 22 PMS                      | 81128                        | Dover 22                   | 100                                                               | 100                            |
| 80042                               | Dover 22 PMS                      | 81392                        | Nimby Project              | 100                                                               | 100                            |
| 80091                               | Dover 23 CPF                      |                              |                            | 100                                                               | 100                            |
| 80106                               | Charlton 32 N                     |                              |                            | 100                                                               | 100                            |
| 80170                               | Briley 31                         |                              |                            | 100                                                               | 100                            |
| 80171                               | Lake 15                           |                              |                            | 100                                                               | 100                            |
| 80172                               | Avery 31                          |                              |                            | 100                                                               | 100                            |

All other terms and conditions of the Agreement remain unchanged and  
in full force and effect. Accepted and Agreed to by the following duly  
authorized representatives.

Delta Oil Co., Inc.

By: Chris Kofis

Its: President

Dated: 1-15-98

MichCon Gathering Company

By: William J. Walter J.C.

Its: Vice President

Dated: 5-11-98

## **EXHIBIT A**

### **Receipt Points**

**Number**

**Facility/Well Name**

**Meter Number**

**Shipper's Receipt Points:**

**All other Receipt Points:**

(all Receipt Points listed here for all contracts)

## **EXHIBIT B**

### **Delivery Points**

| <b><u>Number</u></b> | <b><u>Facility Name</u></b>                                                      | <b><u>Location</u></b>                  | <b><u>Pressure (psig)</u></b> | <b>Total Meter<br/>Capacity<br/><u>MMcf/d</u></b> |
|----------------------|----------------------------------------------------------------------------------|-----------------------------------------|-------------------------------|---------------------------------------------------|
|                      | MichCon 30" T&D Line                                                             | Outlet Kalkaska Gas Plant               | 950                           | 360                                               |
|                      | Consumers Power 12"<br>T&D Line                                                  | Goose Creek                             | 960                           | 190                                               |
|                      | Consumers Power<br>2-12" T&D Lines                                               | Inlet Kalkaska Gas Plant                | 600                           | 190                                               |
|                      | ANR 24"<br>Transmission Line                                                     | S. Chester<br>Treating Plant            | 1040                          | 75                                                |
|                      | ANR 36"<br>Storage Line                                                          | Outlet Kalkaska Gas Plant               | 950                           | 150                                               |
|                      | Great Lakes 36"<br>Transmission Line or<br>alternate points per<br>ANR guarantee | ANR-Deward or alternate<br>Interconnect | 950                           | 50                                                |
|                      | Great Lakes 36"<br>Transmission Line                                             | South Hayes<br>Twn.                     | 970                           | 100                                               |

## EXHIBIT C

### Allowable Routing

From

To

Any approved  
Receipt Points  
subject to  
7.2 of this  
Agreement

Delivery Points  
(From Exhibit B)

Percent of  
Total MDQ

## **EXHIBIT D**

### **ANTRIM GAS SERVICES AGREEMENT**

#### **GENERAL TERMS & CONDITIONS**

- I. Service Request
- II. Nominations, Scheduling and Allocations
- III. Paper Pooling
- IV. Imbalances
- V. Measurement
- VI. Quality Specifications
- VII. Diversion of Gas
- VIII. Electronic Bulletin Board
- IX. Creditworthiness Standards

#### **I. SERVICE REQUESTS**

- A. Gas Transportation Service provided pursuant to this Agreement shall be offered on a Firm Basis until 100% of the capacity of the pipeline is subscribed. Thereafter, service shall be offered on an Interruptible Basis. MichCon shall be authorized to provide service on an Interruptible Basis only to the extent capacity exceeds its firm commitments.

- B. In order for a request for Gas Transportation Service to be considered valid, a party must provide MichCon with a completed, fully executed Antrim Header Service Service Request Form providing such information as the form may require.
- C. MichCon shall respond to each request. If the request is not valid, MichCon shall send a letter within 15 days of receipt of such request pointing out the deficiency(ies). MichCon shall respond to each valid request by forwarding this Service Agreement to the requesting party within 30 days.
- D. If there is insufficient capacity to meet the initial valid requests for service, then the expected system capacity shall be allocated among all valid requests on a pro-rata basis.
- E. If after one year of the date of first flow under this agreement, Shipper transports and treats an amount of gas less than its total MDQ, then such MDQ may be adjusted downward to equal Shipper's prior three months' average flowing quantities. If a Force Majeure event occurred during any of the prior three months, then such month shall be excluded and the next prior month used in its stead. Furthermore, if Shipper's transported and treated quantities exceed Shipper's total MDQ, then Shipper may request a pro-rata increase of its MDQ, and MichCon shall

grant a pro-rata increase for all Shippers at the end of each calendar quarter.

- F. After the initial valid requests are filled, additional requests shall be filled as they are received. However, if there is more requested capacity than capacity available, then such requests shall be filled by prorating the total system capacity among existing Shippers and the new requests. Such system capacity reallocations shall be done at the end of each calendar quarter.

II. NOMINATIONS, SCHEDULING and ALLOCATIONS

All nominations shall be via MichCon's Electronic Bulletin Board or in writing via facsimile or telecommunication. Any written nomination shall be made on a form provided or approved by MichCon. Shipper shall include for each nomination the daily quantities of Gas on a MMBtu basis that it desires MichCon to treat and transport during each Service Month from each Receipt Point and the daily quantities that Shipper desires MichCon to redeliver at each Delivery Point. Shipper shall also identify the quantity it intends to deliver to each downstream shipper by name, by downstream contract number for interstate deliveries, and the order of priority in the event MichCon must make adjustments pursuant to allocations below.

Further, the sum of the quantities nominated at all Receipt Points hereunder shall not exceed the aggregate MDQ as specified in this agreement, unless by Authorized Overrun Service.

- B. Initial Monthly Nominations: Each Shipper shall submit a nomination at least five (5) working days prior to the first Day of each Month to MichCon's Transportation and Exchange Department at a telephone number to be provided by MichCon.
- C. Nomination Changes after the beginning of the Month: Shipper shall give MichCon's Gas Control Department at least twenty-four (24) hours notice prior to any proposed change of a daily nomination to be effective for the next day. MichCon shall waive such notice upon request if, in its view, the Antrim Gas Pipeline operating conditions permit such waiver. Shipper shall also be allowed to change the order of priority of Receipts and Deliveries by twenty-four (24) hour notice.
- D. MichCon shall confirm each nomination or change of nomination. MichCon shall promptly notify each Shipper of its failure to confirm any nomination hereunder.
- E. Shipper may designate in writing an agent to nominate and schedule Gas Transportation Service on Shipper's behalf. Such designation shall be in writing. An agent may provide nomination(s) for multiple Shippers. Shipper shall indemnify and save MichCon harmless from all suits,

actions, debts, accounts, damages, costs, losses and expenses arising in any way from Shipper's agent's actions on behalf of Shipper, provided, however, that such indemnification shall not excuse MichCon from liability for actions taken when MichCon is acting as Shipper's agent.

- F. Hourly Variation. Shipper shall maintain uniform hourly rates at all Receipt Points hereunder to the extent practicable.
- G. Delivery of Gas. MichCon shall make daily delivery of thermally Equivalent Quantities of gas, at each Delivery Point that Shipper nominates, provided, however, that Shipper shall not have the right to take delivery of gas for quantities it has not nominated and delivered to MichCon at Receipt Point(s).
- H. Scheduling and Allocation of Capacity. There are four service levels: Firm Service, Authorized Overrun Gas (AOG), Unauthorized Overrun Gas (UOG), and Interruptible Service. For each day, MichCon will schedule receipts and deliveries of gas on the basis of Shippers' confirmed nominations pursuant to the following:
  - i.) If System Shippers fail to use their full MDQ, then excess capacity will exist such that MichCon is able to receive (a) AOG nominations in excess of a Shipper's MDQ, or (b) Interruptible Service nominations;
  - ii.) Unauthorized Overrun Gas shall occur when a Shipper exceeds its MDQ and fails to comply with the criteria set forth in 5.1.4 herein;

- iii.) Firm Service, AOG, or Interruptible Service shall be curtailed on a pro rata basis within each service category; however, any AOG is subordinate to Firm Service and shall be curtailed if any other Firm Shipper(s) wish to nominate up to their MDQ; and further provided that any Interruptible Service is subordinated to AOG and shall be curtailed if a Firm shipper wishes to use AOG;
- iv.) MichCon shall allocate Receipt Point capacity, if required, pro rata by confirmed nominations up to the Firm MDQ at each Receipt Point;
- v.) MichCon shall allocate Antrim Header System capacity, if required, pro rata by confirmed nominations up to the Firm MDQ;
- vi) MichCon shall allocate Delivery Point capacity, if required, pursuant to each Shipper's Antrim transportation priority (Firm, AOG, or Interruptible) up to the MDQ at each Delivery Point. If allocation of Delivery Point capacity is required among Shippers with firm transportation priority, then such allocation shall be based on each Shipper's instructions to MichCon;
- vii.) In the event that Shipper is transporting UOG and MichCon determines that it will curtail such UOG, then MichCon may identify any volumes by Points of Receipt as the volumes that must be curtailed in order to bring Shipper into compliance with its MDQ.

I. Accounting for Receipts and Deliveries.

i.) Following each month, MichCon shall forward to Shipper a report, either written or by Electronic Bulletin Board, which contains the monthly plant shrinkage, any fuel, and each Shipper's quantities in MMBtu's.

ii.) Allocation of Deliveries.

All deliveries shall be allocated throughout the month based on confirmed nominations at each Delivery Point. Delivery Point quantities shall be reconciled at the end of each calendar month.

iii.) Allocation of Receipts.

Where there is more than one Shipper at a Receipt Point, then allocation of actual quantities shall be made throughout the month pro rata, based on Shipper's confirmed nominations for each such Receipt Point. Receipt Point quantities shall be reconciled at the end of each calendar month.

iv.) Electronic Information

MichCon shall operate its allocation procedures using electronic information available at Receipt Point(s) and/or Delivery Point(s). If such electronic information is not available on any day, then MichCon shall assume that receipts and/or deliveries are equal to nominations, provided, however, that MichCon shall adjust such assumed receipts and/or deliveries to actual receipts and/or deliveries as soon as is

reasonably practicable after the actual information becomes available.

Any such prior period adjustments shall not cause a penalty upon any Shipper hereunder.

### III. PAPER POOLING

- A. Once MichCon has allocated gas pursuant to this agreement, then over deliveries by a Shipper at one Receipt or Delivery Point may be offset by underdeliveries by that Shipper at another Receipt or Delivery Point, respectively (Paper Pooling). Such netting shall be used by MichCon for determining any penalties under this agreement..
- B. Paper Pooling shall not relieve any Shipper from its obligation to make valid nominations or its obligation for gas imbalances hereunder.

### IV. MONTHLY IMBALANCES

- A. At the end of each month, MichCon shall provide each Shipper with a gas imbalance statement either via EBB or written copy. Shipper will be afforded the opportunity to make up the imbalance during the subsequent month, subject to IV.B below.
- B. If at end of a month a Shipper's imbalance exceeds its confirmed nomination by 10% or greater, then Shipper shall incur an imbalance penalty of 10¢ per MMBtu. Such penalty shall also apply to any gas imbalance not resolved by the end of the month following the service

month in which an imbalance is occurred and for each month thereafter until the imbalance is resolved.

- C. If upon termination of this Agreement, Shipper has not caused to be delivered to MichCon at the Point(s) of Receipt, quantities of gas that are equal to those that Shipper has taken at the Point(s) of Delivery, plus those quantities retained by MichCon as compensation for use and loss and CO<sub>2</sub> plant shrinkage, the term of this Agreement shall be extended for a period of up to 60 days during which time Shipper shall cause the deficient quantity to be delivered to MichCon at a mutually agreeable daily rate. Should Shipper fail to correct this imbalance within the 60 day period, Shipper shall pay MichCon, as liquidated damages, an amount equal to 110% of the currently effective Gas Cost Recovery Factor (pursuant to MichCon's Rules, Regulations and Rate Schedules on file with the Michigan Public Service Commission) for any remaining deficient quantities.

V. MEASUREMENT AND MEASUREMENT EQUIPMENT

A. Measurement

- i. The unit of volume for the purpose of measurement shall be one thousand cubic feet of gas at a temperature base of sixty degrees

(60°) Fahrenheit and a pressure base of 14.65 pounds per square inch absolute (psia).

- ii. The average atmospheric (barometer) pressure at each point of receipt and each point of delivery shall be assumed to be fourteen and four-tenths (14.4) pounds per square inch, irrespective of the actual location or elevation above sea level of the point of delivery or of any variation in actual atmospheric pressure from time to time.
- iii. The flowing temperature of the gas(es) shall be determined by means of an instrument of standard manufacture accepted in the industry for this purpose.
- iv. The supercompressibility factor used in computing the volume of gas delivered through an office meter shall be determined in a manner consistent with the method contained in the American Gas Association "Manual for the Determination of Supercompressibility Factors for Natural Gas (AGA Report No. 8)" as such publication may be revised from time to time.
- v. The specific gravity of the gas used in computing the volume of gas delivered shall be determined at intervals of not more than ninety (90) Days by means of an instrument(s) of standard manufacture accepted in the industry for this purpose using a

sample of gas, or a representative sample of gas, of the gas stream flowing to the point of receipt or point of delivery.

- vi. The compressibility ratio factors "s" used in computing the volume of gas delivered through a turbine meter or a positive displacement meter shall be determined by the equation  $s = (F_{pv})^2$ , in which "Fpv" is the supercompressibility factor determined as described in Subsection iv, hereof.
- vii. In determining the flow temperature factor, supercompressibility factor, and compressibility ratio factor "s" for use in computing the volume of gas delivered through a meter, the flowing gas temperature for only the period(s) of time of that gas was flowing through the meter shall be used.

#### B. Measurement Equipment

- i. The volume of gas delivered at the Receipt or Delivery Point(s) shall be measured by:
  - (a) An orifice meter designed, installed, maintained and operated as recommended in the latest issue of American National Standard ANSI/API 2530 (American Gas Association Gas Measurement Report No. 3), entitled "Orifice Metering of Natural Gas and Other Related

Hydrocarbon Fluids", as such publication may be revised from time to time (hereinafter referred to as "AGA Report No. 3") (revisions will be incorporated within a reasonable time period); or

- (b) A turbine meter designed, installed, maintained and operated as recommended in the latest issue of American Gas Association Transmission Measurement Committee Report No. 7 entitled "Measurement of Fuel Gas by Turbine Meters", as such publication may be revised from time to time (hereinafter referred to as "AGA Report No. 7") (revisions will be incorporated within a reasonable time period); or
- (c) A positive displacement meter installed and operated in accordance with generally accepted industry practices.

The construction and installation of the metering facilities shall be in accordance with the recommendations and specifications set forth by the reports specified in Section i(a) hereof or by the meter manufacturer specified in Section i(b) hereof.

- ii. Any auxiliary measuring equipment shall be installed, maintained and operated in accordance with generally accepted industry practices. Chromatographs calculating the heating value (Btu) of

the gas shall be programmed having the Gas Processors Associated (GPA) Standard 2145 Table of Paraffin Hydrocarbons and Other Components of Natural Gas.

- iii. The volume of gas delivered at each Receipt or Delivery Point shall be calculated by means of an electronic flow computer located at, or by the processing of meter charts recorded at, each Receipt or Delivery Point. The calculation or processing, in either case, shall be performed in the following manner:
  - (a) When the measuring equipment is an orifice meter, the flow of gas through the meter shall be computed in the manner recommended in AGA Report No. 3, properly using all factors set forth therein.
  - (b) When the measuring equipment is a turbine meter, the volume of gas delivered through the meter shall be computed in the manner recommended in AGA Report No. 7, properly using all facts set forth therein.
  - (c) When the measuring equipment is a positive displacement meter, the volume of gas delivered through the meter shall

be computed by properly applying, to the volume delivered at flowing gas pressures and temperatures, correction factors for (1) absolute static pressure, (2) flowing gas temperature, (3) compressibility ratio and (4) specific gravity.

- iv. The operator, for purposes of this subsection, shall be MichCon, or such other person as the parties may agree in writing.

All flow, measuring, testing and related equipment shall be of standard manufacture, and type approved by MichCon. Shipper may install check measuring equipment, provided that such equipment shall be installed so as not to interfere with the operations of MichCon. Shipper, in the presence of MichCon, if applicable shall have access to measuring equipment at all reasonable times, but the reading, calibrating and adjusting thereof and the changing of charts, if any, shall be done by MichCon. Shipper shall have the right to be present at the time of the installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done by MichCon. The records from such measuring equipment shall remain the property of

MichCon, but upon request, Shipper may request record, including charts, if any, together with calculations therefrom for inspection, subject to return within ten (10) working Days after receipt there of or extended by mutual agreement. Reasonable care shall be exercised in the installation, maintenance and operation of the measuring equipment to avoid any inaccuracy in the determination of the volume of gas received and delivered.

The accuracy of all measuring equipment shall be verified by MichCon at intervals of not more than three (3) Months for orifice meters and six (6) months for turbine and positive displacement meters, and if requested, in the presence of representatives of the Shipper, but neither MichCon nor Shipper shall be required to verify the accuracy of such equipment more frequently than once in any thirty (30) Day period. However, if an electronic measurement system is utilized, its components shall be calibrated at least once every ninety (90) Days pursuant to Section viii below. If MichCon agrees to verification and testing of measuring equipment and fails to perform the verification and testing, then Shipper shall have the right to cease or temporarily discontinue service under this Agreement relative to such measuring

equipment. If either party at any time desires a special test of any measuring equipment, it will promptly notify the other party and the parties shall then cooperate to secure a prompt verification of the accuracy of the equipment. The expense of any special test shall be borne by the party requesting it if the measuring equipment is found to be in error by not more than 2% for manual equipment or for EGM equipment the percentage cited in viii(a). If, upon any test, any measuring equipment is found to be in error, such errors shall be taken into account in a practical manner in computing the deliveries. If the resultant aggregate error in the computed receipts or deliveries is not more than 2% for chart records or pursuant to viii(a) for EGM equipment, then previous receipts or deliveries shall be considered accurate. All equipment shall, in any case, be adjusted at the time of testing to record correctly. If, however, the resultant aggregate error in computing receipts or deliveries exceeds 2% for chart records or pursuant to viii(a) for EGM equipment, at a recording corresponding to the average hourly rate of gas flow rate for the period since the last preceding test; the previous recordings of such equipment shall be corrected to zero error for any period that is known definitely or agreed upon, but in case the period is not known definitely, or

agreed upon, the correction shall be for the period extending over one-half of the time elapsed since the date of the last test.

- v. In the event any measuring equipment is out of service, or is found registering inaccurately, previous recordings of receipts or deliveries through such equipment shall be corrected using the following procedures:
- (a) by using the registration of any check meter or meters, if installed and accurately registering, or in the absence of (a);
  - (b) by correcting the error if the percentage of error is ascertainable by calibration, special test or mathematical calculation, or in the absence of both (a) and (b) then:
  - (c) by estimating the quantity of receipt or delivery based on receipts or deliveries during preceding periods under similar conditions when the meter was registering accurately.

The correction period shall not exceed twelve (12) months from the most recent test.

- vi. If at any time during the term of service a new method or technique is developed with respect to gas measurement or the determination of the factors used in gas measurement, the new

method or technique may be substituted upon mutual agreement by both parties.

vii. The parties agree to preserve for a period of at least two (2) years or such longer period as may be required by public authority, all test data, charts, and other similar records.

viii. Electronic Gas Measurement (EGM) Technical Requirements

- (a) Accuracy: The meter system should use instruments that will provide an overall measurement accuracy of + or - 0.5% of flow, taking into account all the sources of error, including calibrated span of instruments, linearity, hysteresis, repeatability, ambient temperature, stability, vibration, and power supply fluctuation. Generally, this accuracy can be achieved only by the use of high accuracy smart transmitters with a published accuracy of  $\pm 0.1\%$ .

If the EGM is a retrofit to replace existing mechanical chart recorders, an overall accuracy of  $\pm 1.0\%$  of flow will be acceptable. This accuracy can generally be achieved by utilizing transmitters with a published accuracy of  $\pm 0.25\%$ .

Differential Pressure Transmitters shall be of a type that selfcompensate for static pressure effect or manufacturer's published compensation factor shall be programmed into the flow computer (RTU).

All instruments should operate on a temperature range of - 30 degrees Fahrenheit to +120 degrees Fahrenheit and a non-condensing relative humidity range of 0 to 95 %. The unit must be able to withstand mechanical shock of at least 1 G and Shipper or Producer will to be held responsible for any accidental damage to the equipment as a result of mechanical shock of over 1 G.

- (b) Computation: The flow computer of the meter system shall as a minimum perform flow calculation per AGA-3, AGA-7, and AGA-8 requirements. As the aforementioned calculation methods are revised from time to time, new releases shall be implemented within twelve months from the release data. All other methods of computation must be approved by both Shipper or Producer and MichCon. All measured variables for differential pressure, static pressure, and temperature shall be sampled at lest once per second.

All volume calculations shall be made at least once per second. Calculation of supercompressibility shall occur at least once every 30 seconds.

- (c) **Data Security:** The flow computer must have password protection before data can be accessed or any parameters be changed. The computer must have a log of all changes made to the configuration.
- (d) **Safety:** The EGM system must meet standards for Class I, Division 2, Group D installations.
- (e) **Power:** The flow computer (RTU) and the related hardware should run on re-chargeable batteries. These batteries can be charged by either 120VAC, 24VDC or solar panels. For previously installed equipment, the battery capacity shall not be less than eight (8) hours. For future EGM installations, the battery capacity shall be at least twenty-four (24) hours when fully charged.
- (f) **Local Display:** Shipper or Producer shall be provided with capability to monitor volume information being recorded by measurement system on an ongoing basis with either RTU display or transmitters with local display.

- (g) Calibration: All equipment used for EGM shall be tested and calibrated every 90 days, or in accordance with the requirements of the agency(ies) having jurisdiction, or in accordance with contractual agreements, whichever of these requirements are more stringent. All test and calibration equipment shall be certified to 0.1% accuracy and traceable back to an NGS primary standard. All test and calibration equipment shall be re-certified by a third party at least annually. In addition, MichCon shall perform such inspections and test of the accuracy of the equipment used in the EGM system calibrations. A copy of any inspection, test of certification report, whether performed monthly or annually by MichCon or an outside third party, shall be made available to Shipper or Producer personnel upon written request. MichCon shall provide Shipper or Producer with documentation on the tests and inspection and the annual certification planned for the equipment used to calibrate the EGM equipment. Calibration equipment must satisfy all applicable safety codes for the location in which it is being used, or the area must be checked and

confirmed as gas free (less than 5 % LEL) prior to and during use.

A full loop (end device through RTU) test/calibration is required on all ANALOG inputs. Any adjustments to or calibration of the equipment shall be documented and kept as part of the audit trail.

Provisions shall be made for Shipper or Producer to tap into meter run with an electronic transmitter for periodic calibration comparison, provided, however, any such tap shall be done with permission from MichCon and shall not interfere with MichCon's measurement operations at that point.

The flow computer and/or RTU shall freeze the analog transmitter values during transmitter calibration and orifice plate removal and use these frozen values for the flow computation during calibration and orifice plate removal and re-installation.

h. Audit: The following information must be kept for a minimum of two (2) Years following the calendar year of production, unless required by contract to be kept longer or by the applicable, valid requirements of any governmental bodies having or asserting jurisdiction:

- (1) All calculated volumes, energies, and daily averages must be maintained in their original unaltered form.
- (2) Any changes to the data to correct for inaccuracies must be fully documented, including assumptions and factors used in calculating the adjustment.
- (3) All event logs, alarm logs, test/calibration reports, gas analyses, preventive maintenance documentation, or any other document containing EGM related data.

All audit information will be available to Shipper personnel during normal business hours, upon request..

## VI. GAS QUALITY SPECIFICATIONS

Unless prior approval is obtained from MichCon, all Gas received and delivered under the terms of this Agreement shall conform to the following specifications:

- (a) The Gas shall be commercially free from dust, gum, gum-forming constituents, and all other solid and liquid matters which may interfere with its

merchantability or cause injury to or interfere with proper operation of the pipelines, regulators, meters or other appliances through which it flows:

(b) The Gas shall not contain anything which might adversely affect the safe and efficient operation of MichCon's downstream facilities:

(c) The water content of the Gas shall not exceed 7 pounds per million cubic feet, however, every reasonable effort shall be made to keep the water content at or below 5 pounds per million cubic feet;

(d) The Gas shall not contain oxygen. Operator shall maintain its equipment to insure the gas is free of oxygen;

(e) At each Delivery Point the carbon dioxide content of the Gas shall not exceed two (2%) mole percent; at any Receipt Point, the carbon dioxide content of the Gas shall not exceed 25 mole percent, provided, however, that Shipper's aggregate Receipt Point gas hereunder shall not exceed 14 mole percent;

(f) The Gas shall not contain more than 1/4 grain of hydrogen sulfide per 100 cubic feet;

(g) The Gas shall not contain more than 1/2 grain of mercaptan sulfur per 100 cubic feet;

(h) The Gas shall not contain more than 5 grains of total sulfur per 100 cubic feet, including the sulfur in any hydrogen sulfide, mercaptan, sulfides and residual sulfur.

(i) The Gas redelivered at each Delivery Point shall have a total heating value per cubic foot of not less than 950 British thermal units at a base pressure of 14.65 pounds per square inch at 60 degrees fahrenheit on a dry basis or as further provided in the downstream pipelines' tariff; the Gas at each Receipt Point shall have a total heating value per cubic foot of not less than 730 British thermal units at a base pressure of 14.65 pounds per square inch at 60 degrees fahrenheit on a dry basis; however, Shipper's aggregate Receipt Point Gas shall have a total heating value per cubic foot of not less than 834 British thermal units.

(j) In the event the Gas delivered by Shipper at the Receipt Point(s) fails at any time to meet these quality specifications, MichCon shall notify Shipper of such deficiency and thereupon may, at its option, refuse to accept deliveries pending correction. Upon demonstration acceptable to MichCon that the Gas being tendered for delivery meets these quality specifications or that Shipper has arranged for the necessary treatment, processing or other action required for the Gas to meet these quality specifications, MichCon shall commence or resume, as the case may be, taking delivery of Gas.

(k) Shipper agrees to indemnify and hold MichCon harmless for any and all liability resulting from MichCon's movement of Gas which fails to meet the specifications hereunder and which have not been waived in writing, including contamination or damage to other Gas being transported.

VII. DIVERSION OF GAS. The Antrim Pipeline (System) is a stand-alone system for the CO<sub>2</sub> treating and transportation gathering of Antrim Shale Gas. This System has no direct End User or Distribution markets, but rather interconnects with four pipelines that do have direct markets. The Parties recognize that the System is thus not subject to diversion of gas. However, to the extent System gas is delivered into each of the four pipelines hereunder, then such gas is subject to the diversion rules that apply to each such pipeline.

VIII. ELECTRONIC BULLETIN BOARD (EBB).

MichCon shall establish an EBB system that can be accessed twenty-four (24) hours a day, seven days a week, to obtain such information as:

- (a) Operational notices detailing the nature of any problem(s),
- (b) Available System capacity along each pipeline segment.
- (c) the total daily nominations for each System Receipt and Delivery Point along with the total and available capacities at each Delivery Point,
- (d) a list of Shippers and each Shipper's MDQ.
- (e) an end of month Allocation Report

Sections VIII a-e are provided as examples of the type of information the MichCon EBB may be able to provide. Nothing contained shall obligate MichCon to make available any specific information on its EBB.

IX. CREDITWORTHINESS STANDARDS.

MichCon shall not be required to commence Gas Transportation Service or to continue to provide Gas Transportation Service under this Agreement if Shipper is or has become insolvent and is not paying its bills hereunder to MichCon, or if Shipper, when requested by MichCon to demonstrate credit worthiness, fails to do so pursuant to MichCon's reasonable requirements provided, however, that Shipper may receive Gas Transportation Service if Shipper deposits with MichCon and maintains, on prepaid account, an amount equal to amounts which would be due for one months service at the full MDQ; or furnishes, within fifteen days, good and sufficient security, as reasonably determined by MichCon, of a continuing nature and in an amount equal to such amounts which would be due. Shipper shall be deemed to be creditworthy if it has made a prepaid account deposit each month over a six consecutive month period, provided, however, that if such Shipper has a late payment in any subsequent month, it is no longer creditworthy and must again comply with the foregoing.

MPSC Case No. U-14754

Exhibit DOM-30

U-14754  
DOMC-1.1/1

ASATT #10  
Ward Lake  
63001

REC'D AUG 02 1995

ANTRIM GAS SERVICE AGREEMENT

# **ANTRIM GAS SERVICE AGREEMENT**

## **TABLE OF CONTENTS**

| <b><u>ARTICLE</u></b> | <b><u>TOPIC</u></b>                           |
|-----------------------|-----------------------------------------------|
| 1.1                   | Regulatory Approval                           |
| 1.2                   | Conditions                                    |
| 2.1                   | Dedication of Reserves                        |
| 3.1                   | Term                                          |
| 4.1                   | Gas Transportation Service                    |
| 4.2                   | Allocation of Plant Shrinkage & Pipeline Fuel |
| 4.3                   | CO <sub>2</sub> Treating Plant Performance    |
| 5.1                   | Rates                                         |
| 5.2                   | Application of Rates                          |
| 6.1                   | Nominations                                   |
| 6.2                   | Use of Electronic Bulletin Board              |
| 7.1                   | Receipt Points                                |
| 7.2                   | Condition of Use                              |
| 8.1                   | Delivery Points                               |
| 9.1                   | Disposition of Gas                            |
| 10.1                  | Possession of Responsibility                  |
| 11.1                  | Delivery Pressure                             |
| 12.1                  | Taxes                                         |
| 13.1                  | Warranty of Right to Deliver                  |

**ARTICLE****TOPIC**

|      |                                             |
|------|---------------------------------------------|
| 14.1 | Billing and Payment                         |
| 14.2 | Currency Denomination                       |
| 14.3 | Examination of Records                      |
| 14.4 | Late Payment                                |
| 14.5 | Claims of Over and Under-Charges            |
| 15.1 | Non-Waiver of Future Defaults               |
| 16.1 | Force Majeure                               |
| 16.2 | Performance and Remedy of Force Majeure     |
| 17.1 | Laws, Orders, Rules and Regulations         |
| 17.2 | Authority under MPSC - Act 9                |
| 17.3 | Interstate Service per FERC                 |
| 17.4 | Applicable Law                              |
| 18.1 | Notice                                      |
| 18.2 | Change of Address and Routine Communication |
| 19.1 | Assignment                                  |
| 19.2 | Reorganization                              |
| 19.3 | Successors and Assigns                      |
| 19.4 | Headings                                    |
| 19.5 | Gender, Number and Internal References      |
| 19.6 | Counterparts                                |
| 19.7 | Entirety                                    |

## **SCHEDULE OF EXHIBITS**

### **EXHIBIT**

### **SUBJECT**

- |       |                                         |
|-------|-----------------------------------------|
| A.    | Receipt Points                          |
| B.    | Delivery Points                         |
| C.    | Allowable Routing                       |
| D.    | General Terms & Conditions              |
| I.    | Service Request                         |
| II.   | Nominations, Scheduling and Allocations |
| III.  | Paper Pooling                           |
| IV.   | Imbalances                              |
| V.    | Measurement                             |
| VI.   | Quality Specifications                  |
| VII.  | Diversion of Gas                        |
| VIII. | Electronic Bulletin Board               |
| IX.   | Creditworthiness Standards              |

**MICHIGAN CONSOLIDATED GAS COMPANY**  
**ANTRIM GAS SERVICE AGREEMENT**

**THIS AGREEMENT** is entered into as of this 26th day of October, 1994, by and between Ward Lake Energy ("Shipper"), having office at 114 N. Court Street, Gaylord, Michigan 49735 and MICHIGAN CONSOLIDATED GAS COMPANY ("MichCon"), having its principal offices at 500 Griswold, Detroit, Michigan 48226.

**RECITALS**

**WHEREAS** Shipper has requested MichCon to transport and treat Antrim Gas on Shipper's behalf; and

**WHEREAS** MichCon is willing to provide the requested transportation and treating service subject to the terms and conditions contained in this Agreement;

**NOW, THEREFORE**, in consideration of the mutual promises, agreements and undertakings in this Agreement, Shipper and MichCon agree as follows:

## ARTICLE I

### REGULATORY APPROVAL AND CONDITIONS

1.1 MichCon has filed Case No. U-10547 with the Michigan Public Service Commission (the "Commission") for authority to construct, cause to be constructed, acquire, own and operate facilities and services which MichCon has determined are necessary to permit receipt, carbon dioxide (CO<sub>2</sub>) treating, transportation and redelivery (hereinafter collectively referred to as "Gas Transportation Service") of natural gas produced from the Antrim shale formation ("Antrim Gas" or "Gas") delivered to MichCon pursuant to this Agreement. The term "Antrim Header System", as used in this Agreement, will incorporate by reference the system ultimately approved by the Commission in Case No. U-10547, together with all future extensions, modifications, or loops thereof as well as use of existing pipelines and related facilities.

1.2 This Agreement is specifically conditional upon the continued prosecution by MichCon of its application in MPSC Case No. U-10547, approval by the appropriate regulatory agencies of the facilities and services in Case No. U-10547, and acceptance of a Commission order by MichCon, at its sole discretion. If Case U-10547 is not approved and accepted by 4/15/95, Shipper has the option to declare this agreement null and void. Provided, however, if MichCon receives and accepts an order after 4/15/94, but before Shipper exercises its option, then Shipper may no longer declare this agreement null and void.

1.3 This Agreement is specifically conditional upon MichCon's agreement to create a priority in the 30-inch pipeline expansion downstream of Kalkaska for transportation of Gas from the wetheader or dry Antrim header. Also, MichCon shall provide for and make any future pipeline interconnections, consistent with its then prevailing receipt point program, upon written request by Shippers with all costs to be borne by Shippers.

## ARTICLE II

### DEDICATION OF RESERVES

2.1 For any Antrim Gas to be transported and treated on a firm basis pursuant to this Agreement, the party who owns or controls the acreage from which the gas to be transported and treated is produced shall have first committed, by a Letter of Dedication, all previously undedicated Antrim reserves which it owns and controls and which can be reasonably serviced by the Antrim Header System (Initial Acreage Dedication). Furthermore, Antrim Gas which is produced from after acquired or controlled acreage and which desires firm transportation must also first be committed to the Antrim Header System by a Letter of Dedication. (Additional Acreage Dedication). Such dedications shall be made on a form provided or approved by MichCon. Such dedications shall be for the term of this Agreement. MichCon may refuse firm service for any Antrim Gas which has not been committed as provided for above.

## **ARTICLE III**

### **TERM**

**3.1** All terms and conditions of this Agreement, except Sections 1.2 and 1.3 shall be effective on the in-service date ("In-Service Date") of the Antrim Header System, which is the date the 16" Kalkaska to South Chester Pipeline facilities approved under U-10547 are placed in service, and shall terminate ten (10) years later unless terminated earlier as provided in Section 3.2. MichCon shall provide Shipper written notice of the In-Service Date. Sections 1.2 and 1.3 shall be effective upon execution of this Agreement.

**3.2** Shipper shall have the right to terminate this Agreement during the period of 60 days immediately following the date this Agreement is executed, provided that upon termination Shipper enters into an equivalent Agreement for transportation on the Antrim Header System (at a basic charge of 9 cents per Mcf) all subject to approval by the appropriate regulatory agencies of the facilities and services in MPSC Case No. U-10547.

## **ARTICLE IV**

### **GAS TRANSPORTATION SERVICE**

**4.1** Shipper shall deliver or cause to be delivered to MichCon, Antrim Gas for Gas Transportation Service up to a maximum daily quantity ("MDQ") of 60,000 Mcf as measured at the appropriate Receipt Points. MichCon shall provide Gas

Transportation Service for Shipper or for the account of Shipper and shall redeliver an Equivalent Quantity of natural gas in MMBtu's at the delivery points nominated pursuant to this agreement. For purposes of this agreement the term "Equivalent Quantity(ies)" shall mean the MMBtu quantity of Gas received from Shipper less any amount withheld by MichCon for Pipeline Loss and/or Plant Shrinkage . Carbon dioxide treating is provided as part of the Gas Transportation Service such that CO<sub>2</sub> is removed to ensure that the gas at the Delivery Point(s) meets at a minimum, the quality specifications set forth in the attached Exhibit D. Gas Transportation Service pursuant to this agreement shall be provided on a Firm Basis.

4.2 MichCon will allocate proportionately among all Shippers who flow quantities of Gas during the month, the combined volumetric Gas stream loss in MMBtu's associated with CO<sub>2</sub> removal and the fuel actually used each month at all the CO<sub>2</sub> treating plant(s) on the Antrim Header System (together collectively referred to as "Plant Shrinkage"). Provided, however, that the amount of fuel actually used shall never exceed the amount of fuel that would be customarily used by the type of treating plants employed in their normal course of operation. This proportional allocation will be based on the level of CO<sub>2</sub> in each Shipper's Gas as MichCon determines by Gas analysis at least every 90 days and the Shipper's quantity of Antrim gas that is delivered into the Antrim Header system during any month at each Receipt Point as specified in Exhibit B. MichCon shall retain 0.5% of all Nominated, Authorized and Unauthorized Overrun Quantities for pipeline losses ("Pipeline Loss"). Provided,

however, that if the Delivery Point for Shipper's Gas is into MichCon's transmission and distribution pipeline system, then the Pipeline Loss of 0.5% shall be borne by the downstream transporter. Plant Shrinkage and Pipeline Loss will be calculated and withheld from the quantity of Gas that is redelivered for the account of Shipper at each Delivery Point.

4.3 The CO<sub>2</sub> treating plants at which Antrim Gas will be treated as part of the Gas Transportation Service provided under this Agreement, shall be operated on a run time of at least 94% in any calendar quarter including time allowed for shut downs due to scheduled and routine repairs and maintenance. In the event that the percentage of CO<sub>2</sub> treating plant run time is less than 94% for any calendar quarter and, as a result, a Shipper cannot get Gas to market because its untreated Gas would not be received, transported or exchanged by a designated downstream pipeline, then for each one percent deficiency below 94% MichCon shall pay Shipper one cent for each Mcf of Gas that cannot reach its intended market. The provisions of Section 17.1 shall control over this Section.

## **ARTICLE V**

### **RATES**

5.1 For the services provided for herein, Shipper shall pay MichCon a monthly amount as follows:

1. A monthly customer administrative charge of \$300.

2. A Basic Charge equal to the quantities of Gas Shipper actually flowed during the month up to its MDQ times 20.0¢ per Mcf.
3. Shipper shall be billed, in addition to the Basic Charge, an Overrun Charge of \$3.00 per Mcf for any quantities of Gas delivered that exceed the MDQ ("Unauthorized Overrun Gas") provided, however, an Overrun Charge shall not be incurred;
  - a. In any month where Shipper, after meeting the criteria set forth in 5.1.4 herein, delivers Gas in excess of the MDQ ("Authorized Overrun Gas"); or
  - b. In any month where the overage averages no more than five (5) percent above (i) the MDQ or (ii) the MDQ plus any Authorized Overrun Gas (the "Swing Percentage").
  - c. In circumstances where Overrun Gas occurred temporarily for less than a 24 hour period and resulted from an inadvertent surge or increase of Gas from Shipper's facilities due to equipment failure unless caused by MichCon or a third party. However, only one such failure shall be allowed in any calendar month. .
4. Shipper must meet one of the following criterion before flowing Authorized Overrun Gas:

- a. Shipper must obtain MichCon's written permission to flow gas in excess of Shipper's MDQ prior to submitting a nomination; or
  - b. Shipper must notify MichCon by facsimile 72 hours prior to the deadline for submitting a nomination, or by EBB 48 hours prior to the deadline, of its intent to submit a nomination to flow gas in excess of Shipper's MDQ. Such intent shall be clearly identified on the request. If Shipper does not receive notification of MichCon's denial of Shipper's request by facsimile or by EBB 24 hours prior to the nomination deadline, then Shipper may assume MichCon's permission has been granted and may flow gas in excess of its MDQ up to the amount indicated in the facsimile to MichCon. This implied approval shall be good only for one month.
- 5. Any Shipper not able to flow its nominated quantity up to its MDQ as a result of Unauthorized Overrun Gas shall receive, on a calendar year quarterly basis, its proportionate share of 80% of the actual funds MichCon collects as Overrun Charges. Shipper's proportionate share shall be an amount equal to Shipper's quantity of Gas which did not flow during the calendar quarter as a result

of Unauthorized Overrun Gas up to Shipper's MDQ divided by  
the total quantity of Gas which did not flow because of  
Unauthorized Overrun Gas during the calendar quarter.

5.2 All charges set forth in this Article except the monthly customer administrative charge shall be applied to quantities in units of Mcf delivered at the Receipt Point(s) as measured in accordance with the terms of Exhibit D of this Agreement.

5.3 Actual billing shall be on an MMBtu basis. The rate per MMBtu shall be determined according to the following formula:

$$\frac{1,000}{\text{Actual Btu}} \quad \times \quad \text{Appropriate Mcf Rate}$$

## **ARTICLE VI**

### **NOMINATIONS, DELIVERIES**

6.1 Shipper must nominate all quantities of gas that will be transported pursuant to this Agreement and as further detailed in Exhibit D: General Terms and Conditions.

6.2 Pursuant to the terms of Exhibit D, MichCon shall establish an Electronic Bulletin Board (EBB) as part of its Antrim Header System within one year of the "in-service" date. MichCon shall provide Shipper notice once it has established its EBB and detailed procedures for nominating using the EBB. After a reasonable

phase-in period MichCon may require all Shippers to nominate their quantities of gas using the EBB.

## **ARTICLE VII**

### **RECEIPT POINT(S)**

7.1 Shipper shall deliver or cause to be delivered Antrim Gas at the Receipt Point(s) set forth in Exhibit A. All Gas delivered to MichCon shall meet the quality specification set out in Exhibit D.

7.2 MichCon, at its sole option, may refuse to accept Gas at any Receipt Point(s) listed on Exhibit A which is not subject to a signed Receipt Point Agreement between MichCon or its designee and the party responsible for the Receipt Point.

## **ARTICLE VIII**

### **DELIVERY POINT(S)**

8.1 MichCon shall redeliver to Shipper, or for the account of Shipper; at the Delivery Point(s) set forth in Exhibit B, Equivalent Quantities of Gas; provided, however, that the allowable routing of any Gas Transportation Service shall be within the parameters defined by Exhibit C.

## ARTICLE IX

### DISPOSITION OF GAS

9.1 Because of the inability of MichCon and Shipper to maintain precise control over the rate of flow and quantities of Gas to be received and delivered, the parties shall exercise reasonable efforts to keep Gas receipts and deliveries in balance. Subject to the limitations contained in this section, MichCon will use Electronic Gas Measurement (EGM) for any Receipt Point under this Agreement where the gas flow rate exceeds 2,000 Mcf per day for a period of 30 days. In the case of new Receipt Points, that is Receipt Points installed after the In-Service Date, MichCon will install EGM pursuant to its then prevailing Receipt Point program on all new interconnects. As to existing Receipt Points, that is Receipt Points installed prior to the In-Service Date, MichCon shall be obligated to retrofit existing Receipt Points with EGM only in those cases where a Receipt Point owner requests such a retrofit in writing and agrees to pay any costs associated with the retrofit. However, if MichCon determines that retrofitting Receipt Points with EGM is necessary for the efficient operation of the Antrim Header System, then MichCon can mandate installation of EGM at such points with costs borne by the Receipt Point holder.

9.2 MichCon shall have the right to commingle Gas delivered hereunder with Gas owned by MichCon and/or transported by MichCon for others so long as the resulting commingled gas stream meets the Delivery Point quality specifications in Exhibit D.

## **ARTICLE X**

### **POSSESSION AND RESPONSIBILITY**

**10.1** As between MichCon and Shipper, Shipper shall be deemed in exclusive control and possession of the gas transported hereunder and responsible for any damage or injury caused thereby until it is delivered to MichCon at the Receipt Point(s) and after it is redelivered by MichCon at the Delivery Point(s). MichCon shall be deemed in exclusive control and possession of the gas and responsible for any damage or injury caused thereby after it is delivered by Shipper, or for Shipper's account, at the Receipt Point(s) and before it is redelivered by MichCon at the Delivery Point(s).

## **ARTICLE XI**

### **DELIVERY PRESSURE**

**11.1** Shipper shall deliver quantities of Antrim Gas or cause quantities of Antrim Gas to be delivered to MichCon at the Receipt Point(s) at MichCon's prevailing line pressure but not to exceed its maximum allowable operating pressure (MAOP). Shipper shall receive quantities of Antrim Gas, or cause quantities of Antrim Gas to be received by a third party transporter, at the Delivery Point(s) as noted in Exhibit B.

## **ARTICLE XII**

### **TAXES**

12.1 Shipper shall pay all taxes, tariffs, and duties however designated, levied, or charged resulting from services provided under this Agreement, including, without limitation, all state and local privilege or excise taxes, and any amount in lieu of such taxes, tariffs and duties paid or payable by MichCon, exclusive however of taxes based on the net income of MichCon, property taxes, and MichCon's single business taxes. Shipper shall reimburse MichCon for any such taxes, tariffs and duties which are collected and remitted or paid on Shipper's behalf by MichCon because of Shipper's failure to pay. MichCon or its Vendors shall not be entitled to Internal Revenue Code-Section 29 tax credits on any Gas under this Agreement.

## **ARTICLE XIII**

### **WARRANTY OF RIGHT TO DELIVER**

13.1 Shipper warrants that at the time of delivery it shall have the right to deliver the Gas and that it shall indemnify, defend, and save MichCon harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to the gas or to royalties, taxes, license fees or charges thereon.

## **ARTICLE XIV**

### **BILLING AND PAYMENT**

**14.1** On or about the twentieth day of each calendar month, MichCon shall render a statement to Shipper based on the charges set forth in Section 5. Shipper shall pay MichCon on or before the 25th day of the month or ten (10) days after receipt of the statement, the amount billed in that statement. All such payments shall be made in the form of immediately available funds directed to a bank account designed by MichCon's Treasurer.

**14.2** The statements rendered pursuant to this Agreement shall be denominated in U.S. Dollars (\$U.S), and all payments shall be made in \$U.S.

**14.3** Shipper shall have the right at all reasonable times to examine the books, records and charts of MichCon to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any provisions of this Agreement.

**14.4** Should Shipper fail to pay any undisputed amount of any statement rendered by MichCon when such amount is due, a late payment charge equal to that month's NBD prime plus 2% per month of the undisputed amount of the statement, net of taxes, not compounded, shall be added to the statement, and MichCon in its sole discretion may after 10 days prior written notice suspend further Gas Transportation Service to Shipper until the undisputed amount is paid.

14.5 If Shipper shall find at any time within twenty-four months after the date of any statement rendered by MichCon that it has been overcharged due to an error by MichCon in the amount billed in such statement, and if the overcharge has been paid, and Shipper has made a written claim thereof within twenty-four months from the date of such error, the overcharge, when verified by MichCon, shall be refunded within 30 days. If MichCon shall find at any time within twenty-four months after the date of any statement rendered by it that there has been an undercharge in the amount billed in such statement, it may submit a statement for such undercharge within twenty-four months of such error, and Shipper, upon verifying the same, shall pay such amount within 30 days.

## **ARTICLE XV**

### **NON-WAIVER OF FUTURE DEFAULTS**

15.1 No waiver by either party of any one or more defaults by the other in the performance of any provision of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

## **ARTICLE XVI**

### **FORCE MAJEURE**

**16.1** Neither Shipper nor MichCon shall be liable in damages, or in any other remedy, legal or equitable, to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, sabotage, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests, restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery, lines of pipe, wells, flowlines, production facilities of related equipment, or CO<sub>2</sub> treating plants or the necessity to make unscheduled shutdowns (for purposes of necessary maintenance, repairs, tests, or alterations to machinery, lines of pipe or CO<sub>2</sub> treating plants), well or line freezeups, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, or any other cause, whether of the kind herein enumerated, or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension.

**16.2** Such causes of contingencies affecting the performance of this Agreement by either party, however, shall not relieve it of liability in the event of its concurring

negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance of this Agreement relieve either party from its obligation to make payments of amounts then due thereunder, nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing or by telecopy to the other party as soon as possible after the occurrence relied on.

## **ARTICLE XVII**

### **LAWS, ORDERS, RULES AND REGULATIONS**

17.1 The performance by the parties of their obligations set forth in this Agreement shall be subject to all valid and applicable laws, orders, rules and regulations of any duly constituted authority having jurisdiction.

17.2 Authority for Gas Transportation Service under this Agreement is provided pursuant to 1929 PA 9, as amended (Act 9); MCL 483.101 et seq.

17.3 Gas Transportation Service provided by MichCon under this Agreement, if in interstate commerce, is subject to the provisions of Subpart C, Part 284 of the regulations of the Federal Energy Regulatory Commission.

17.4 THIS AGREEMENT SHALL BE GOVERNED BY THE LAW OF THE STATE OF MICHIGAN. It is agreed that any and all litigation related to this Agreement shall be brought in either a state or federal court located within the State of

Michigan, and each party, for purposes of any such litigation, submits to the exclusive jurisdiction and venue of that court.

## ARTICLE XVIII

### NOTICE

18.1 Any notice, request, demand, statement or payment provided for in this Agreement shall be sent in writing to the parties at the following addresses:

Shipper                      Ward Lake Energy  
P.O. Box 1663  
Gaylord, Michigan 49735  
  
Telephone: (517) 732-8499  
Telecopy: (517) 732-9530

MichCon:  
Payments: As directed on the invoice

Nominations:              Manager, Transportation & Exchange  
Telecopy: (313) 256-5890

All Other:                    Manager, Gas Supply & Transportation  
  
Michigan Consolidated Gas Company  
500 Griswold Street, 26th Floor  
Detroit, Michigan 48226  
Telephone: (313) 256-5541  
Telecopy: (313) 256-6416

18.2 Either party may change its address under this Agreement by notice to the other party. Unless otherwise provided, all notices given by one party to the other shall be sent by registered mail, overnight mail or by telecopy and shall be effective

upon receipt. However, routine communications, including monthly invoices, shall be considered as duly delivered when mailed by either registered, overnight or ordinary mail.

## **ARTICLE XIX**

### **MISCELLANEOUS PROVISIONS**

**19.1 Assignment:** Shipper or MichCon shall not broker, assign, convey or transfer its interests, rights and obligations under this Agreement to anyone not meeting the credit worthiness standards hereunder. Either Shipper or MichCon may, however, without relieving itself of its obligations, assign any of its rights and obligations hereunder to a corporation with which it is affiliated at the time of such assignment, provided that such assignment does not materially change the duty of the other party, or increase the burden or risk imposed on the other party under this Agreement, or impair the other party's entitlement to performance.

**19.2 Reorganization:** Any company which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper or of MichCon, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement.

**19.3 Successors and Assigns:** This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

19.4 Headings: The headings used throughout this Agreement are inserted for convenience of reference only and are not be considered or taken into account in construing the terms or provisions hereof nor are they to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.

19.5 Gender, Number and Internal References: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein", "hereunder" and words of similar import refer to the entirety of this Agreement and not only to the section in which such use occurs.

19.6 Counterparts: This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an originally executed copy, and it shall not be necessary to produce all counterparts in order to prove this Agreement.

19.7 Entirety: This Agreement and Exhibits A, B, C, and D constitute the entire agreement between MichCon and Shipper concerning the subject matter hereof. Any prior understandings, representations, promises, undertakings, agreements or inducements, whether written or oral, concerning the subject matter hereof not contained herein shall have no force and effect. This Agreement may be modified or amended only by a writing duly executed by both parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in counterparts, each of which is an original and all of which are identical, as of the day and year first above written.

**MICHIGAN CONSOLIDATED GAS COMPANY**

By: Carl Crosby (date)

Title: Senior Vice President

**WARD LAKE ENERGY**

By: Michael J. Ryan 1/2/95 (date)

Title: Vice President - Gas Marketing

## **ADDENDUM I**

1.4 Antrim Gas produced east of MichCon's Kalkaska facilities shall have priority over any other Gas on facilities constructed under and approved by the Commission in Case No. U-10547.

4.4 In the event that the run time of the CO<sub>2</sub> treating plants is less than 94% in any calendar quarter as specified in 4.3 above, and Shipper cannot get its Gas to market because its untreated Gas would not be received, transported or exchanged by a designated downstream pipeline, and MichCon has not corrected the problem within 90 days, except for reasons of Force Majeure, then shipper may, by giving MichCon 30 days prior written notice, cancel the treating portion of this Agreement for all Receipt Point(s) affected hereunder. After such time MichCon will bill only for transportation.

5.5 Eighty percent (80%) of all Overrun fees as collected in Section 5.1-3, net of those Overrun fees disbursed to other Shippers in Section 5.1-5, shall be disbursed on an annual basis, to the Michigan Oil & Gas Association for Antrim gas research.

## ADDENDUM II

19.7 It is MichCon's understanding that, pursuant to contractual relationships between Shipper and Consumers Power Company (CPCo), CPCo may have the obligation to transport some of the Gas which is dedicated by Shipper to this Agreement. In the event that Shipper identifies the volumes of Gas which CPCo has the obligation to transport and CPCo, in fact, transports such volumes under a MichCon transportation contract, then MichCon will waive the transportation portion of the rate under this Agreement. Should MichCon waive the transportation portion of the rate under this Agreement Shipper agrees to pay 11.0¢ per Mcf for all volumes which are treated to remove CO<sub>2</sub>. In addition, the volumes of Gas dedicated under this Agreement which CPCo transports shall be included when calculating the actual amounts of Gas which Shipper is transporting for purposes of Exhibit D, Section I,E. The provisions of this Section shall terminate 1/1/98.

5.1

3.

d. Volumes flowing at receipt points which are (1) not posted on the EBB detailed in Exhibit D, Section VIII or, (2) not capable of being monitored by way of Electric Gas Measurement as provided for in Exhibit D, Section V, B, viii, (f) and (3) which flow 1,000 Mcf per day or less shall not be included in the calculation of the 5 percent overage set forth in Section 5.1,3,b.

Amendment No. 1 to Exhibit A for ASATT No. 10 (63007)  
between MichCon Gathering and Ward Lake Energy  
dated October 26, 1994.

The parties hereby agree to delete the existing Exhibit A and replace  
it with the following effective January 1, 1998:

| <u>Receipt<br/>Point<br/>Number</u> | <u>Receipt<br/>Point<br/>Name</u> | <u>Allocation<br/>Number</u> | <u>Allocation<br/>Name</u> | <u>Shipper's % Dedicated to<br/>Transportation &amp; Treating</u> | <u>Shipper's % of Gas Flow</u> |
|-------------------------------------|-----------------------------------|------------------------------|----------------------------|-------------------------------------------------------------------|--------------------------------|
| <del>48119</del>                    | <del>Charlton 11</del>            | 53375                        | Charlton 11                | 100                                                               | 100                            |
| <del>48119</del>                    | <del>Charlton 11</del>            | 53376                        | Charlton 2                 | 100                                                               | 100                            |
| <del>48119</del>                    | <del>Charlton 11</del>            | 53481                        | Charlton 12                | 100                                                               | 100                            |
| <del>48119</del>                    | <del>Charlton 11</del>            | 53688                        | S Vienna 18                | 100                                                               | 100                            |
| <del>48124</del>                    | <del>Charlton 9</del>             |                              |                            | 100                                                               | 100                            |
| <del>80060</del>                    | <del>Vienna 6 N RMS</del>         | 81338                        | Vienna N 6                 | 100                                                               | 100                            |
| <del>80060</del>                    | <del>Vienna 6 N RMS</del>         | 81339                        | Vienna N 7                 | 100                                                               | 100                            |
| <del>80081</del>                    | <del>Charlton 19</del>            | <del>81190</del>             | <del>Charlton N 19</del>   | 100                                                               | 100                            |
| <del>80081</del>                    | <del>Charlton 19</del>            | <del>81191</del>             | <del>Dover 24</del>        | 100                                                               | 100                            |
| <del>80085</del>                    | <del>Charlton 21</del>            |                              |                            | 100                                                               | 100                            |
| <del>80086</del>                    | <del>Charlton 32</del>            | 81195                        | Charlton S 5               | 100                                                               | 100                            |
| <del>80086</del>                    | <del>Charlton 32</del>            | 81196                        | Charlton 4 S               | 100                                                               | 100                            |
| <del>80092</del>                    | <del>Charlton 7</del>             |                              |                            | 100                                                               | 100                            |
| <del>80096</del>                    | <del>Chester 18</del>             |                              |                            | 100                                                               | 100                            |
| <del>80097</del>                    | <del>Bagley 23 A</del>            | 81221                        | Bagley 23A                 | 100                                                               | 100                            |
| <del>80097</del>                    | <del>Bagley 23 A</del>            | <del>81222</del>             | <del>Bagley 23 Phase</del> | 100                                                               | 100                            |
| <del>80097</del>                    | <del>Bagley 23 A</del>            | <del>81354</del>             | <del>Bagley 24</del>       | 100                                                               | 100                            |
| <del>80098</del>                    | <del>Charlton 18</del>            | 81534                        |                            | 100                                                               | 100                            |
| <del>80101</del>                    | <del>Bagley 22</del>              | 81535 - BAGLEY 14/23         |                            | 100                                                               | 100                            |
| <del>80102</del>                    | <del>Chester 10</del>             | 81536 -                      |                            | 100                                                               | 100                            |
| <del>80103</del>                    | <del>Charlton 24</del>            | 81537 -                      |                            | 100                                                               | 100                            |
| <del>80105</del>                    | <del>Charlton 35</del>            | 81223                        | Charlton 34                | 100                                                               | 100                            |
| <del>80105</del>                    | <del>Charlton 35</del>            | <del>81224</del>             | <del>Charlton 35</del>     | 100                                                               | 100                            |
| <del>80107</del>                    | <del>Chester 22</del>             | 81193                        | Charlton 30                | 100                                                               | 100                            |
| <del>80107</del>                    | <del>Chester 22</del>             | 81194                        | Charlton 31                | 100                                                               | 100                            |
| <del>80107</del>                    | <del>Chester 22</del>             | 81197                        | Charlton 32B               | 100                                                               | 100                            |
| <del>80107</del>                    | <del>Chester 22</del>             | 81225                        | Charlton 29                | 100                                                               | 100                            |
| <del>80107</del>                    | <del>Chester 22</del>             | 81226                        | Chester 23                 | 100                                                               | 100                            |
| <del>80107</del>                    | <del>Chester 22</del>             | 81227                        | Chester 22                 | 100                                                               | 100                            |
| <del>80107</del>                    | <del>Chester 22</del>             | 81228                        | Chester 27                 | 100                                                               | 100                            |
| <del>80108</del>                    | <del>Charlton 22 North</del>      |                              |                            | 100                                                               | 100                            |
| <del>80109</del>                    | <del>Charlton 24A North</del>     |                              |                            | 100                                                               | 100                            |
| <del>80111</del>                    | <del>Charlton 30A</del>           |                              |                            | 100                                                               | 100                            |
| <del>80113</del>                    | <del>Bagley 23B</del>             |                              |                            | 100                                                               | 100                            |

81532  
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All other terms and conditions of the Agreement remain unchanged and  
in full force and effect. Accepted and Agreed to by the following duly  
authorized representatives.

Ward Lake Energy

By: Donna Bronuman

Its: Donna Bronuman

Dated: 2-26-98

Gas Marketing Specialist

MichCon Gathering Company

By: William J. Walter P.E.

Its: Vice President

Dated: 5-11-98

## **EXHIBIT A**

### **Receipt Points**

**Number**

**Facility/Well Name**

**Meter Number**

**Shipper's Receipt Points:**

**All other Receipt Points:**

Note: Shipper to provide information for Exhibit A prior to in service date of Antrim Expansion Pipeline.

(all Receipt Points listed here for all contracts)

## EXHIBIT B

### Delivery Points

| <u>Number</u> | <u>Facility Name</u>                                                    | <u>Location</u>                      | <u>Pressure (psig)</u> | <u>Total Meter Capacity<br/>MMcf/d</u> |
|---------------|-------------------------------------------------------------------------|--------------------------------------|------------------------|----------------------------------------|
|               | MichCon 30" T&D Line                                                    | Outlet Kalkaska Gas Plant            | 950                    | 360                                    |
|               | Consumers Power 12" T&D Line                                            | Goose Creek                          | 960                    | 190                                    |
|               | Consumers Power 2-12" T&D Lines                                         | Inlet Kalkaska Gas Plant             | 600                    | 190                                    |
|               | ANR 24" Transmission Line                                               | S. Chester Treating Plant            | 1040                   | 75                                     |
|               | ANR 36" Storage Line                                                    | Outlet Kalkaska Gas Plant            | 950                    | 150                                    |
|               | Great Lakes 36" Transmission Line or alternate points per ANR guarantee | ANR-Deward or alternate Interconnect | 950                    | 50                                     |
|               | Great Lakes 36" Transmission Line                                       | South Hayes Twn.                     | 970                    | 100                                    |

## EXHIBIT C

### Allowable Routing

| <u>From</u>                                                              | <u>To</u>                                    |                                |
|--------------------------------------------------------------------------|----------------------------------------------|--------------------------------|
| Any approved<br>Receipt Points<br>subject to<br>7.2 of this<br>Agreement | Delivery Points<br>( <u>From Exhibit B</u> ) | Percent of<br><u>Total MDQ</u> |

Note: Shipper to provide information for Exhibit C prior to in service date of Antrim Expansion Pipeline.

## **EXHIBIT D**

### **ANTRIM GAS SERVICES AGREEMENT**

#### **GENERAL TERMS & CONDITIONS**

- I. Service Request
- II. Nominations, Scheduling and Allocations
- III. Paper Pooling
- IV. Imbalances
- V. Measurement
- VI. Quality Specifications
- VII. Diversion of Gas
- VIII. Electronic Bulletin Board
- IX. Creditworthiness Standards

#### **I. SERVICE REQUESTS**

- A. Gas Transportation Service provided pursuant to this Agreement shall be offered on a Firm Basis until 100% of the capacity of the pipeline is subscribed. Thereafter, service shall be offered on an Interruptible Basis. MichCon shall be authorized to provide service on an Interruptible Basis only to the extent capacity exceeds its firm commitments.

- B. In order for a request for Gas Transportation Service to be considered valid, a party must provide MichCon with a completed, fully executed Antrim Header Service Request Form providing such information as the form may require.
- C. MichCon shall respond to each request. If the request is not valid, MichCon shall send a letter within 15 days of receipt of such request pointing out the deficiency(ies). MichCon shall respond to each valid request by forwarding this Service Agreement to the requesting party within 30 days.
- D. If there is insufficient capacity to meet the initial valid requests for service, then the expected system capacity shall be allocated among all valid requests on a pro-rata basis.
- E. If after one year of the date of first flow under this agreement, Shipper transports and treats an amount of gas less than its total MDQ, then such MDQ may be adjusted downward to equal Shipper's prior three months' average flowing quantities. If a Force Majeure event occurred during any of the prior three months, then such month shall be excluded and the next prior month used in its stead. Furthermore, if Shipper's transported and treated quantities exceed Shipper's total MDQ, then Shipper may request a pro-rata increase of its MDQ, and MichCon shall

grant a pro-rata increase for all Shippers at the end of each calendar quarter.

- F. After the initial valid requests are filled, additional requests shall be filled as they are received. However, if there is more requested capacity than capacity available, then such requests shall be filled by prorating the total system capacity among existing Shippers and the new requests. Such system capacity reallocations shall be done at the end of each calendar quarter.

## II. NOMINATIONS, SCHEDULING and ALLOCATIONS

- A. Nominations shall be via MichCon's Electronic Bulletin Board or in writing via facsimile or telecommunication. Any written nomination shall be made on a form provided or approved by MichCon. Shipper shall include for each nomination the daily quantities of Gas on a Mcf basis that it desires MichCon to treat and transport during each Service Month from each Receipt Point and the daily quantities that Shipper desires MichCon to redeliver at each Delivery Point. Shipper shall also identify the quantity it intends to deliver to each downstream shipper by name, by downstream contract number for interstate deliveries, and the order of priority in the event MichCon must make adjustments pursuant to allocations below.

Further, the sum of the quantities nominated at all Receipt Points hereunder shall not exceed the aggregate MDQ as specified in this agreement, unless by Authorized Overrun Service.

- B. Initial Monthly Nominations: Each Shipper shall submit a nomination at least five (5) working days prior to the first Day of each Month to MichCon's Transportation and Exchange Department via a facsimile or or on the EBB system to be provided by MichCon.
- C. Nomination Changes after the beginning of the Month: Shipper shall give MichCon's Gas Control Department at least twenty-four (24) hours notice prior to any proposed change of a daily nomination to be effective for the next day. MichCon shall waive such notice upon request if, in its view, the Antrim Gas Pipeline operating conditions permit such waiver. Shipper shall also be allowed to change the order of priority of Receipts and Deliveries by twenty-four (24) hour notice.
- D. MichCon shall confirm each nomination or change of nomination. MichCon shall promptly notify each Shipper of its failure to confirm any nomination hereunder by EBB or facsimile.
- E. Shipper may designate in writing an agent to nominate and schedule Gas Transportation Service on Shipper's behalf. Such designation shall be in writing. An agent may provide nomination(s) for multiple Shippers. Shipper shall indemnify and save MichCon harmless from all suits,

actions, debts, accounts, damages, costs, losses and expenses arising in any way from Shipper's agent's actions on behalf of Shipper, provided, however, that such indemnification shall not excuse MichCon from liability for actions taken when MichCon is acting as Shipper's agent.

- F. Hourly Variation. Shipper shall maintain uniform hourly rates at all Receipt Points hereunder to the extent practicable.
- G. Delivery of Gas. MichCon shall make daily delivery of thermally Equivalent Quantities of gas, at each Delivery Point that Shipper nominates, provided, however, that Shipper shall not have the right to take delivery of gas for quantities it has not nominated and delivered to MichCon at Receipt Point(s).
- H. Scheduling and Allocation of Capacity. There are four service levels: Firm Service, Authorized Overrun Gas (AOG), Unauthorized Overrun Gas (UOG), and Interruptible Service. For each day, MichCon will schedule receipts and deliveries of gas on the basis of Shippers' confirmed nominations pursuant to the following:
  - i.) If System Shippers fail to use their full MDQ, then excess capacity will exist such that MichCon is able to receive (a) AOG nominations in excess of a Shipper's MDQ, or (b) Interruptible Service nominations;
  - ii.) Unauthorized Overrun Gas shall occur when a Shipper exceeds its MDQ and fails to comply with the criteria set forth in 5.1.4 herein;

- iii.) Firm Service, AOG, or Interruptible Service shall be curtailed on a pro rata basis within each service category; however, any AOG is subordinate to Firm Service and shall be curtailed if any other Firm Shipper(s) wish to nominate up to their MDQ; and further provided that any Interruptible Service is subordinated to AOG and shall be curtailed if a Firm shipper wishes to use AOG;
- iv.) MichCon shall allocate Receipt Point capacity, if required, pro rata by confirmed nominations up to the Firm MDQ at each Receipt Point;
- v.) MichCon shall allocate Antrim Header System capacity, if required, pro rata by confirmed nominations up to the Firm MDQ;
- vi.) MichCon shall allocate Delivery Point capacity, if required, pursuant to each Shipper's Antrim transportation priority (Firm, AOG, or Interruptible) up to the MDQ at each Delivery Point. If allocation of Delivery Point capacity is required among Shippers with firm transportation priority, then such allocation shall be based on each Shipper's instructions to MichCon;
- vii.) In the event that Shipper is transporting UOG and MichCon determines that it will curtail such UOG, then MichCon may identify any volumes by Points of Receipt as the volumes that must be curtailed in order to bring Shipper into compliance with its MDQ.

I. Accounting for Receipts and Deliveries.

i.) Following each month, MichCon shall forward to Shipper a report, either written or by Electronic Bulletin Board, which contains the monthly plant shrinkage, any fuel, and each Shipper's quantities in MMBtu's.

ii.) Allocation of Deliveries.

All deliveries shall be allocated throughout the month based on confirmed nominations at each Delivery Point. Delivery Point quantities shall be reconciled at the end of each calendar month.

iii.) Allocation of Receipts.

Where there is more than one Shipper at a Receipt Point, then allocation of actual quantities shall be made throughout the month pro rata, based on Shipper's confirmed nominations for each such Receipt Point. Receipt Point quantities shall be reconciled at the end of each calendar month.

iv.) Electronic Information

MichCon shall operate its allocation procedures using electronic information available at Receipt Point(s) and/or Delivery Point(s). If such electronic information is not available on any day, then MichCon shall assume that receipts and/or deliveries are equal to nominations, provided, however, that MichCon shall adjust such assumed receipts and/or deliveries to actual receipts and/or deliveries as soon as is

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reasonably practicable after the actual information becomes available.

Any such prior period adjustments shall not cause a penalty upon any Shipper hereunder.

### III. PAPER POOLING

- A. Once MichCon has allocated gas pursuant to this agreement, then over deliveries by a Shipper at one Receipt or Delivery Point may be offset by underdeliveries by that Shipper at another Receipt or Delivery Point, respectively (Paper Pooling). Such netting shall be used by MichCon for determining any penalties under this agreement..
- B. Paper Pooling shall not relieve any Shipper from its obligation to make valid nominations or its obligation for gas imbalances hereunder.

### IV. MONTHLY IMBALANCES

- A. At the end of each month, MichCon shall provide each Shipper with a gas imbalance statement either via EBB or written copy. Shipper will be afforded the opportunity to make up the imbalance during the subsequent month, subject to IV.B below.
- B. If at end of a month a Shipper's imbalance exceeds its confirmed nomination by 10% or greater, then Shipper shall incur an imbalance penalty of 10¢ per MMBtu. Such penalty shall also apply to any gas imbalance not resolved by the end of the month following the service

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month in which an imbalance is occurred and for each month thereafter until the imbalance is resolved.

- C. If upon termination of this Agreement, Shipper has not caused to be delivered to MichCon at the Point(s) of Receipt, quantities of gas that are equal to those that Shipper has taken at the Point(s) of Delivery, plus those quantities retained by MichCon as compensation for use and loss and CO<sub>2</sub> plant shrinkage, the term of this Agreement shall be extended for a period of up to 60 days during which time Shipper shall cause the deficient quantity to be delivered to MichCon at a mutually agreeable daily rate. Should Shipper fail to correct this imbalance within the 60 day period, Shipper shall pay MichCon, as liquidated damages, an amount equal to 110% of the currently effective Gas Cost Recovery Factor (pursuant to MichCon's Rules, Regulations and Rate Schedules on file with the Michigan Public Service Commission) for any remaining deficient quantities.

**V. MEASUREMENT AND MEASUREMENT EQUIPMENT**

**A. Measurement**

- i. The unit of volume for the purpose of measurement shall be one thousand cubic feet of gas at a temperature base of sixty degrees

(60°) Fahrenheit and a pressure base of 14.65 pounds per square inch absolute (psia).

- ii. The average atmospheric (barometer) pressure at each point of receipt and each point of delivery shall be assumed to be fourteen and four-tenths (14.4) pounds per square inch, irrespective of the actual location or elevation above sea level of the point of delivery or of any variation in actual atmospheric pressure from time to time.
- iii. The flowing temperature of the gas(es) shall be determined by means of an instrument of standard manufacture accepted in the industry for this purpose.
- iv. The supercompressibility factor used in computing the volume of gas delivered through an office meter shall be determined in a manner consistent with the method contained in the American Gas Association "Manual for the Determination of Supercompressibility Factors for Natural Gas (AGA Report No. 8)" as such publication may be revised from time to time.
- v. The specific gravity of the gas used in computing the volume of gas delivered shall be determined at intervals of not more than ninety (90) Days by means of an instrument(s) of standard manufacture accepted in the industry for this purpose using a

sample of gas, or a representative sample of gas, of the gas stream flowing to the point of receipt or point of delivery.

- vi. The compressibility ratio factors "s" used in computing the volume of gas delivered through a turbine meter or a positive displacement meter shall be determined by the equation  $s = (F_{pv})^2$ , in which "Fpv" is the supercompressibility factor determined as described in Subsection iv, hereof.
- vii. In determining the flow temperature factor, supercompressibility factor, and compressibility ratio factor "s" for use in computing the volume of gas delivered through a meter, the flowing gas temperature for only the period(s) of time of that gas was flowing through the meter shall be used.

**B. Measurement Equipment**

- i. The volume of gas delivered at the Receipt or Delivery Point(s) shall be measured by:
  - (a) An orifice meter designed; installed, maintained and operated as recommended in the latest issue of American National Standard ANSI/API 2530 (American Gas Association Gas Measurement Report No. 3), entitled "Orifice Metering of Natural Gas and Other Related

~~Hydrocarbon Fluids", as such publication may be revised~~

from time to time (hereinafter referred to as "AGA Report No. 3") (revisions will be incorporated within a reasonable time period); or

- (b) A turbine meter designed, installed, maintained and operated as recommended in the latest issue of American Gas Association Transmission Measurement Committee Report No. 7 entitled "Measurement of Fuel Gas by Turbine Meters", as such publication may be revised from time to time (hereinafter referred to as "AGA Report No. 7") (revisions will be incorporated within a reasonable time period); or
- (c) A positive displacement meter installed and operated in accordance with generally accepted industry practices.

The construction and installation of the metering facilities shall be in accordance with the recommendations and specifications set forth by the reports specified in Section i(a) hereof or by the meter manufacturer specified in Section i(b) hereof.

- ii. Any auxiliary measuring equipment shall be installed, maintained and operated in accordance with generally accepted industry practices. Chromatographs calculating the heating value (Btu) of

the gas shall be programmed having the Gas Processors

Associated (GPA) Standard 2145 Table of Paraffin Hydrocarbons and Other Components of Natural Gas.

iii. The volume of gas delivered at each Receipt or Delivery Point shall be calculated by means of an electronic flow computer located at, or by the processing of meter charts recorded at, each Receipt or Delivery Point. The calculation or processing, in either case, shall be performed in the following manner:

- (a) When the measuring equipment is an orifice meter, the flow of gas through the meter shall be computed in the manner recommended in AGA Report No. 3, properly using all factors set forth therein.
- (b) When the measuring equipment is a turbine meter, the volume of gas delivered through the meter shall be computed in the manner recommended in AGA Report No. 7, properly using all facts set forth therein.
- (c) When the measuring equipment is a positive displacement meter, the volume of gas delivered through the meter shall

be computed by properly applying, to the volume delivered at flowing gas pressures and temperatures, correction factors for (1) absolute static pressure, (2) flowing gas temperature, (3) compressibility ratio and (4) specific gravity.

- iv. The operator, for purposes of this subsection, shall be MichCon, or such other person as the parties may agree in writing.

All flow, measuring, testing and related equipment shall be of standard manufacture, and type approved by MichCon. Shipper may install check measuring equipment, provided that such equipment shall be installed so as not to interfere with the operations of MichCon. Shipper, in the presence of MichCon, if applicable shall have access to measuring equipment at all reasonable times, but the reading, calibrating and adjusting thereof and the changing of charts, if any, shall be done by MichCon. Shipper shall have the right to be present at the time of the installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done by MichCon. The records from such measuring equipment shall remain the property of

MichCon, but upon request, Shipper may request record, including charts, if any, together with calculations therefrom for inspection, subject to return within ten (10) working Days after receipt there of or extended by mutual agreement. Reasonable care shall be exercised in the installation, maintenance and operation of the measuring equipment to avoid any inaccuracy in the determination of the volume of gas received and delivered.

The accuracy of all measuring equipment shall be verified by MichCon at intervals of not more than three (3) Months for orifice meters and six (6) months for turbine and positive displacement meters, and if requested, in the presence of representatives of the Shipper, but neither MichCon nor Shipper shall be required to verify the accuracy of such equipment more frequently than once in any thirty (30) Day period. However, if an electronic measurement system is utilized, its components shall be calibrated at least once every ninety (90) Days pursuant to Section viii below. If MichCon agrees to verification and testing of measuring equipment and fails to perform the verification and testing, then Shipper shall have the right to cease or temporarily discontinue service under this Agreement relative to such measuring

equipment. If either party at any time desires a special test of any measuring equipment, it will promptly notify the other party and the parties shall then cooperate to secure a prompt verification of the accuracy of the equipment. The expense of any special test shall be borne by the party requesting it if the measuring equipment is found to be in error by not more than 2% for manual equipment or for EGM equipment the percentage cited in viii(a). If, upon any test, any measuring equipment is found to be in error, such errors shall be taken into account in a practical manner in computing the deliveries. If the resultant aggregate error in the computed receipts or deliveries is not more than 2% for chart records or pursuant to viii(a) for EGM equipment, then previous receipts or deliveries shall be considered accurate. All equipment shall, in any case, be adjusted at the time of testing to record correctly. If, however, the resultant aggregate error in computing receipts or deliveries exceeds 2% for chart records or pursuant to viii(a) for EGM equipment, at a recording corresponding to the average hourly rate of gas flow rate for the period since the last preceding test; the previous recordings of such equipment shall be corrected to zero error for any period that is known definitely or agreed upon, but in case the period is not known definitely, or

agreed upon, the correction shall be for the period extending over one-half of the time elapsed since the date of the last test.

v. In the event any measuring equipment is out of service, or is found registering inaccurately, previous recordings of receipts or deliveries through such equipment shall be corrected using the following procedures:

- (a) by using the registration of any check meter or meters, if installed and accurately registering, or in the absence of (a);
- (b) by correcting the error if the percentage of error is ascertainable by calibration, special test or mathematical calculation, or in the absence of both (a) and (b) then:
- (c) by estimating the quantity of receipt or delivery based on receipts or deliveries during preceding periods under similar conditions when the meter was registering accurately.

The correction period shall not exceed twelve (12) months from the most recent test.

vi. If at any time during the term of service a new method or technique is developed with respect to gas measurement or the determination of the factors used in gas measurement, the new

method or technique may be substituted upon mutual agreement by both parties.

vii. The parties agree to preserve for a period of at least two (2) years or such longer period as may be required by public authority, all test data, charts, and other similar records.

viii. Electronic Gas Measurement (EGM) Technical Requirements

(a) Accuracy: The meter system should use instruments that will provide an overall measurement accuracy of + or - 0.5% of flow, taking into account all the sources of error, including calibrated span of instruments, linearity, hysteresis, repeatability, ambient temperature, stability, vibration, and power supply fluctuation. Generally, this accuracy can be achieved only by the use of high accuracy smart transmitters with a published accuracy of  $\pm 0.1\%$ .

If the EGM is a retrofit to replace existing mechanical chart recorders, an overall accuracy of  $\pm 1.0\%$  of flow will be acceptable. This accuracy can generally be achieved by utilizing transmitters with a published accuracy of  $\pm 0.25\%$ .

Differential Pressure Transmitters shall be of a type that selfcompensate for static pressure effect or manufacturer's published compensation factor shall be programmed into the flow computer (RTU).

All instruments should operate on a temperature range of - 30 degrees Fahrenheit to +120 degrees Fahrenheit and a non-condensing relative humidity range of 0 to 95%. The unit must be able to withstand mechanical shock of at least 1 G and Shipper or Producer will to be held responsible for any accidental damage to the equipment as a result of mechanical shock of over 1 G.

- (b) Computation: The flow computer of the meter system shall as a minimum perform flow calculation per AGA-3, AGA-7, and AGA-8 requirements. As the aforementioned calculation methods are revised from time to time, new releases shall be implemented within twelve months from the release data. All other methods of computation must be approved by both Shipper or Producer and MichCon. All measured variables for differential pressure, static pressure, and temperature shall be sampled at lest once per second.

All volume calculations shall be made at least once per second. Calculation of supercompressibility shall occur at least once every 30 seconds.

- (c) **Data Security:** The flow computer must have password protection before data can be accessed or any parameters be changed. The computer must have a log of all changes made to the configuration.
- (d) **Safety:** The EGM system must meet standards for Class I, Division 2, Group D installations.
- (e) **Power:** The flow computer (RTU) and the related hardware should run on re-chargeable batteries. These batteries can be charged by either 120VAC, 24VDC or solar panels. For previously installed equipment, the battery capacity shall not be less than eight (8) hours. For future EGM installations, the battery capacity shall be at least twenty-four (24) hours when fully charged.
- (f) **Local Display:** Shipper or Producer shall be provided with capability to monitor volume information being recorded by measurement system on an ongoing basis with either RTU display or transmitters with local display.

- (g) Calibration: All equipment used for EGM shall be tested and calibrated every 90 days, or in accordance with the requirements of the agency(ies) having jurisdiction, or in accordance with contractual agreements, whichever of these requirements are more stringent. All test and calibration equipment shall be certified to 0.1% accuracy and traceable back to an NGS primary standard. All test and calibration equipment shall be re-certified by a third party at least annually. In addition, MichCon shall perform such inspections and test of the accuracy of the equipment used in the EGM system calibrations. A copy of any inspection, test of certification report, whether performed monthly or annually by MichCon or an outside third party, shall be made available to Shipper or Producer personnel upon written request. MichCon shall provide Shipper or Producer with documentation on the tests and inspection and the annual certification planned for the equipment used to calibrate the EGM equipment. Calibration equipment must satisfy all applicable safety codes for the location in which it is being used, or the area must be checked and

confirmed as gas free (less than 5% LEL) prior to and during use.

A full loop (end device through RTU) test/calibration is required on all ANALOG inputs. Any adjustments to or calibration of the equipment shall be documented and kept as part of the audit trail.

Provisions shall be made for Shipper or Producer to tap into meter run with an electronic transmitter for periodic calibration comparison, provided, however, any such tap shall be done with permission from MichCon and shall not interfere with MichCon's measurement operations at that point.

The flow computer and/or RTU shall freeze the analog transmitter values during transmitter calibration and orifice plate removal and use these frozen values for the flow computation during calibration and orifice plate removal and re-installation.

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h. **Audit:** The following information must be kept for a minimum of two (2) Years following the calendar year of production, unless required by contract to be kept longer or by the applicable, valid requirements of any governmental bodies having or asserting jurisdiction:

- (1) All calculated volumes, energies, and daily averages must be maintained in their original unaltered form.
- (2) Any changes to the data to correct for inaccuracies must be fully documented, including assumptions and factors used in calculating the adjustment.
- (3) All event logs, alarm logs, test/calibration reports, gas analyses, preventive maintenance documentation, or any other document containing EGM related data.

All audit information will be available to Shipper personnel during normal business hours, upon request..

## **VI. GAS QUALITY SPECIFICATIONS**

Unless prior approval is obtained from MichCon, all Gas received and delivered under the terms of this Agreement shall conform to the following specifications:

- (a) The Gas shall be commercially free from dust, gum, gum-forming constituents, and all other solid and liquid matters which may interfere with its

merchantability or cause injury to or interfere with proper operation of the pipelines, regulators, meters or other appliances through which it flows:

(b) The Gas shall not contain anything which might adversely affect the safe and efficient operation of MichCon's downstream facilities:

(c) The water content of the Gas shall not exceed 7 pounds per million cubic feet, however, every reasonable effort shall be made to keep the water content at or below 5 pounds per million cubic feet;

(d) The Gas shall not contain oxygen. Operator shall maintain its equipment to insure the gas is free of oxygen;

(e) At each Delivery Point the carbon dioxide content of the Gas shall not exceed two (2%) mole percent; at any Receipt Point, the carbon dioxide content of the Gas shall not exceed 25 mole percent, provided, however, that Shipper's aggregate Receipt Point gas hereunder shall not exceed 14 mole percent;

(f) The Gas shall not contain more than 1/4 grain of hydrogen sulfide per 100 cubic feet;

(g) The Gas shall not contain more than 1/2 grain of mercaptan sulfur per 100 cubic feet;

(h) The Gas shall not contain more than 5 grains of total sulfur per 100 cubic feet, including the sulfur in any hydrogen sulfide, mercaptan, sulfides and residual sulfur.

(i) The Gas redelivered at each Delivery Point shall have a total heating value per cubic foot of not less than 950 British thermal units at a base pressure of 14.65 pounds per square inch at 60 degrees fahrenheit on a dry basis or as further provided in the downstream pipelines' tariff; the Gas at each Receipt Point shall have a total heating value per cubic foot of not less than 730 British thermal units at a base pressure of 14.65 pounds per square inch at 60 degrees fahrenheit on a dry basis; however, Shipper's aggregate Receipt Point Gas shall have a total heating value per cubic foot of not less than 834 British thermal units.

(j) In the event the Gas delivered by Shipper at the Receipt Point(s) fails at any time to meet these quality specifications, MichCon shall notify Shipper of such deficiency and thereupon may, at its option, refuse to accept deliveries pending correction. Upon demonstration acceptable to MichCon that the Gas being tendered for delivery meets these quality specifications or that Shipper has arranged for the necessary treatment, processing or other action required for the Gas to meet these quality specifications, MichCon shall commence or resume, as the case may be, taking delivery of Gas.

(k) Shipper agrees to indemnify and hold MichCon harmless for any and all liability resulting from MichCon's movement of Gas which fails to meet the specifications hereunder and which have not been waived in writing, including contamination or damage to other Gas being transported.

VII. DIVERSION OF GAS. The Antrim Pipeline (System) is a stand-alone system for the CO<sub>2</sub> treating and transportation gathering of Antrim Shale Gas. This System has no direct End User or Distribution markets, but rather interconnects with four pipelines that do have direct markets. The Parties recognize that the System is thus not subject to diversion of gas. However, to the extent System gas is delivered into each of the four pipelines hereunder, then such gas is subject to the diversion rules that apply to each such pipeline.

VIII. ELECTRONIC BULLETIN BOARD (EBB).

MichCon shall establish an EBB system that can be accessed twenty-four (24) hours a day, seven days a week, to obtain such information as:

- (a) Operational notices detailing the nature of any problem(s),
- (b) Available System capacity along each pipeline segment.
- (c) the total daily nominations for each System Receipt and Delivery Point along with the total and available capacities at each Delivery Point,
- (d) a list of Shippers and each Shipper's MDQ.
- (e) an end of month Allocation Report

Sections VIII a-e are provided as examples of the type of information the MichCon EBB may be able to provide. Nothing contained shall obligate MichCon to make available any specific information on its EBB.

IX. CREDITWORTHINESS STANDARDS.

MichCon shall not be required to commence Gas Transportation Service or to continue to provide Gas Transportation Service under this Agreement if Shipper is or has become insolvent and is not paying its bills hereunder to MichCon, or if Shipper, when requested by MichCon to demonstrate credit worthiness, fails to do so pursuant to MichCon's reasonable requirements provided, however, that Shipper may receive Gas Transportation Service if Shipper deposits with MichCon and maintains, on prepaid account, an amount equal to amounts which would be due for one months service at the full MDQ; or furnishes, within fifteen days, good and sufficient security, as reasonably determined by MichCon, of a continuing nature and in an amount equal to such amounts which would be due. Shipper shall be deemed to be creditworthy if it has made a prepaid account deposit each month over a six consecutive month period, provided, however, that if such Shipper has a late payment in any subsequent month, it is no longer creditworthy and must again comply with the foregoing.