

MPSC Case No. U-14754

Exhibit DOM-78

U-14754
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J-5

ASAT: 66005

ANTRIM GAS TRANSPORTATION AGREEMENT

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TABLE OF CONTENTS

ARTICLE I <u>DEFINITIONS</u>	1
ARTICLE II <u>DEDICATION OF RESERVES</u>	3
ARTICLE III <u>TERM</u>	4
ARTICLE IV <u>GAS TRANSPORTATION</u>	4
ARTICLE V <u>RATES</u>	4
ARTICLE VI <u>NOMINATIONS, DELIVERIES</u>	7
ARTICLE VII <u>RECEIPT POINT(S)</u>	7
ARTICLE VIII <u>DELIVERY POINT(S)</u>	8
ARTICLE IX <u>DISPOSITION OF GAS</u>	8
ARTICLE X <u>POSSESSION AND RESPONSIBILITY</u>	9
ARTICLE XI <u>DELIVERY PRESSURE</u>	9
ARTICLE XII <u>WARRANTY OF RIGHT TO DELIVER</u>	10
ARTICLE XIII <u>TAXES</u>	10

ARTICLE XIV <u>BILLING AND PAYMENT</u>	11
ARTICLE XV <u>NON-WAIVER OF FUTURE DEFAULTS</u>	12
ARTICLE XVI <u>FORCE MAJEURE</u>	13
ARTICLE XVII <u>LAWS, ORDERS, RULES AND REGULATIONS</u>	14
ARTICLE XVIII <u>NOTICE</u>	14
ARTICLE XIX <u>MISCELLANEOUS PROVISIONS</u>	15

SCHEDULE OF EXHIBITS

<u>EXHIBIT</u>	<u>SUBJECT</u>
A.	RECEIPT POINTS
B.	DELIVERY POINTS
C.	GENERAL TERMS & CONDITIONS
	I. Service Requests
	II. Nominations, Scheduling and Allocations
	III. Paper Pooling
	IV. Imbalances
	V. Measurement
	VI. Quality Specifications
	VII. Diversion of Gas

**MICHCON GATHERING COMPANY
ANTRIM GAS TRANSPORTATION AGREEMENT**

THIS AGREEMENT is entered into as of this 1st day of November, 2005, by and between J5 INC. ("Shipper"), having an office at 314 Cloister Court, Chapel Hill, North Carolina 27514 and MICHCON GATHERING COMPANY ("MichCon Gathering"), having its principal offices at 2000 Second Avenue, Detroit, Michigan 48226.

RECITALS

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

WHEREAS MichCon Gathering 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 Gathering agree as follows:

ARTICLE I

DEFINITIONS

- 1.1. "Antrim Gas" or "Gas" means natural gas produced from the Antrim shale formation.
- 1.2. "Antrim Expansion Project" or "AEP" means the pipeline expansion project as filed by MichCon Gathering in the Michigan Public Service Commission Case No. U-10547, which includes (i) the utilization of MichCon Gathering's Northern Michigan Wet Header production and gathering system for purposes of providing transportation, and (ii) transportation on the MichCon Gathering laterals.

- 1.3. CO₂ means carbon dioxide.
- 1.4. "Commission" or "MPSC" means the Michigan Public Service Commission.
- 1.5. "Cubic Foot of Gas" means that quantity of Gas which occupies one cubic foot at a temperature of 60 degrees Fahrenheit and at a pressure of 14.65 Psia.
- 1.6. "Day" means a period of 24 consecutive hours beginning at noon Eastern Time of one calendar day and ending at noon Eastern Time on the next following calendar day.
- The reference date for any day shall be that of its beginning.
- 1.7. "Delivery Point(s)" means the points set forth on Exhibit B, attached hereto, at which MichCon Gathering shall redeliver Equivalent Quantities of Antrim Gas to Shipper.
- 1.8. "Equivalent Quantity(ies)" means the volume of gas delivered by or for the account of Shipper to MichCon Gathering on any day pursuant to this Agreement multiplied by a fraction, the numerator of which is the average heating value per Mcf of the gas delivered or caused to be delivered by Shipper and the denominator of which is the average heating value per Mcf of the gas redelivered on the same day by MichCon Gathering, less any amount withheld by MichCon Gathering for Pipeline Loss.
- 1.9. "Gas Transportation Charge" is \$0.05104/Mcf.
- 1.10. "Gas Transportation Service" means transportation service by MichCon Gathering on the AEP for Shipper on a daily basis pursuant to the terms and conditions set forth in this Agreement.
- 1.11. "Lateral Charge" means the rate for transportation gas on MichCon's laterals set forth in MichCon's transportation rate schedules on file with the Commission and as may be revised from time to time.

- 1.12. "Mcf" means 1,000 Cubic Feet of Gas.
- 1.13. "MichCon" means Michigan Consolidated Gas Company.
- 1.14. "Month" means the period commencing at noon Eastern Time on the first calendar Day of a calendar month and extending until noon Eastern Time on the first Day of the next following calendar month.
- 1.15. "Pipeline Loss" means 0.12% of all Nominated, Authorized and Unauthorized Overrun Quantities delivered to a Delivery Point for loss of Gas on the AEP.
- 1.16. "Prime Rate" means the rate announced by NBD Bank (or its successor) from time to time as its prime commercial lending rate, or if the prime rate is discontinued, the rate announced from time to time as that being charged to its most creditworthy commercial borrowers for 90 Day unsecured loans.
- 1.17. "Receipt Point(s) " means the points set forth on Exhibit A, attached hereto, at which Shipper may deliver Antrim Gas to MichCon Gathering.

ARTICLE II

DEDICATION OF RESERVES

2.1 Before any Antrim Gas is transported on a firm basis pursuant to this Agreement, the party who owns or controls the acreage from which the gas is produced shall dedicate all previously undedicated Antrim reserves which it owns and controls and which can be reasonably serviced by the AEP. Antrim Gas which is produced from after acquired or controlled acreage must also first be dedicated to the AEP before it will be transported on a firm basis. Such dedications must be made on a form provided or approved by MichCon Gathering. MichCon Gathering 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 are effective on November 1, 2005, and will continue through December 31, 2010. This Agreement will continue in effect from month to month thereafter until terminated by either party giving written notice to the other at least 30 days in advance.

ARTICLE IV

GAS TRANSPORTATION

4.1 Shipper shall deliver or cause to be delivered to MichCon Gathering at the Receipt Points, Antrim Gas for Gas Transportation Service up to a maximum daily quantity ("MDQ") of 8,000 Mcf. MichCon Gathering shall provide Gas Transportation Service for Shipper or for the account of Shipper and shall redeliver an Equivalent Quantity of natural gas at the Delivery Points nominated pursuant to this Agreement. Gas Transportation Service shall be provided in accordance with Exhibit C, Section I.A.

4.2 MichCon Gathering may retain 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 shall be borne by MichCon or the downstream shipper. 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 Shipper shall pay MichCon Gathering a Monthly amount for transportation as follows:

5.1.1 A Monthly Customer Administrative Charge of \$300.

5.1.2 A basic charge equal to the volumes of Gas in Mcf units received by MichCon Gathering from Shipper at the Receipt Points and transported for or on behalf of Shipper during the Month, multiplied by the Gas Transportation Charge.

5.1.3 A charge for transportation on MichCon's laterals equal to the quantities of Gas transported on the laterals, multiplied by the Lateral Charge.

5.1.4 An Overrun Charge, for any amounts that exceed Shipper's MDQ on any Day ("Unauthorized Overrun Gas"), equal to the sum of \$3.20 per Mcf multiplied by such Unauthorized Overrun Gas; provided, however, no Overrun Charge will be charged under the following circumstances:

- a. in any Month where Shipper, after meeting the criteria set forth in 5.1.5 delivers Gas in excess of its MDQ ("Authorized Overrun Gas");
- b. in any Month where the daily quantities in excess of the MDQ averages no more than five percent above (i) the MDQ or (ii) the MDQ plus any Authorized Overrun Gas; or
- c. in circumstances where Gas delivered in excess of the MDQ 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 will be allowed during any calendar Month.

5.1.5 Shipper may deliver to MichCon Gathering Authorized Overrun Gas if any of the following criterion is met:

- a. Shipper has obtained MichCon Gathering's written permission to flow gas in excess of Shipper's MDQ prior to submitting a nomination;
- b. Shipper has notified MichCon Gathering by ConQuest, MichCon's electronic bulletin board, 24 hours prior to the deadline for submitting a nomination of its intent to submit a nomination to deliver Gas in excess of Shipper's MDQ. Such intent shall be clearly identified on the request. Unless Shipper receives notification of MichCon Gathering's denial of Shipper's request for Authorized Overrun Gas by ConQuest by the nomination deadline, then Shipper has authorization to deliver gas in excess of its MDQ up to the amount indicated in the ConQuest transmittal to MichCon Gathering. This approval shall be good only for one Month at a time.
- c. Permission to flow Authorized Overrun Gas will be granted unless the AEP is transporting firm Gas at full capacity.

5.1.6 If MichCon Gathering is not able to transport Shipper's nominated quantity up to Shipper's MDQ due to Unauthorized Overrun Gas on the system, Shipper shall receive, on a calendar year quarterly basis, its proportionate share of 80% of the actual funds MichCon Gathering collects as Overrun Charges from all Shippers.

Shipper's proportionate share will be an amount equal to Shipper's quantity of Gas, up to its MDQ, that did not flow during the calendar quarter as a result of Unauthorized Overrun Gas divided by the total quantity of Gas that did not flow on the AEP because of Unauthorized Overrun Gas during the calendar quarter.

- 5.2 All charges set forth in this Article V, except the Monthly Customer Administrative Charge, will be applied to quantities in units of Mcf delivered at the Receipt Point as measured in accordance with the terms of Exhibit C, Section V.

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 C, Section II.

ARTICLE VII

RECEIPT POINT(S)

- 7.1 Shipper shall deliver or cause to be delivered Antrim Gas at the Receipt Point(s). All Gas delivered to MichCon Gathering must meet the quality specification set out in Exhibit C, Section VI.
- 7.2 MichCon Gathering, at its sole option, may refuse to accept Gas at any Receipt Point(s) that is not subject to an executed Receipt Point Agreement between MichCon Gathering or its designee and the party responsible for the Receipt Point.

ARTICLE VIII

DELIVERY POINT(S)

8.1 For all Antrim Gas delivered by Shipper to MichCon Gathering at the Receipt Points, MichCon Gathering shall redeliver to Shipper, or for the account of Shipper, Equivalent Quantities of Gas at the Delivery Point(s).

ARTICLE IX

DISPOSITION OF GAS

9.1 Because of the inability of MichCon Gathering 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 Gathering 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 effective date of this Agreement, MichCon Gathering 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 effective date of this Agreement, MichCon Gathering shall 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 Gathering determines that retrofitting Receipt Points with EGM is necessary for the efficient operation of the AEP, then MichCon Gathering may mandate installation of EGM at such points and the associated costs will be borne by the Receipt Point holder.

9.2 MichCon Gathering may commingle Gas delivered under this Agreement with Gas owned by MichCon Gathering and/or transported by MichCon Gathering for others if the resulting

commingled gas stream meets the Delivery Point quality specifications in Exhibit C or any quality specifications subsequently authorized by the MPSC.

ARTICLE X

POSSESSION AND RESPONSIBILITY

10.1 As between the parties, Shipper is deemed to be in exclusive control and possession of the Gas transported under this Agreement and is responsible for any damage or injury caused thereby until the Gas is delivered by Shipper to MichCon Gathering at the interconnection with the Antrim Expansion Project and after it is redelivered by MichCon Gathering at the Delivery Point(s). MichCon Gathering is deemed to be in exclusive control and possession of the Gas and responsible for any damage or injury caused thereby after it is delivered to MichCon Gathering, by Shipper or for Shipper's account, at the interconnection with the Antrim Expansion Project, and before it is redelivered by MichCon Gathering at the Delivery Point(s).

ARTICLE XI

DELIVERY PRESSURE

11.1 MichCon Gathering has no obligation to receive Antrim Gas at Receipt Points from Shipper unless such Gas is delivered at MichCon Gathering's prevailing line pressure, but not to exceed its maximum allowable operating pressure (MAOP). Shipper has no obligation to receive quantities of Antrim Gas, or cause quantities of Antrim Gas to be received by a third party transporter under this Agreement, unless such gas is delivered at pressures set forth in Exhibit B for each Delivery Point. MichCon Gathering will not compress the Gas it transports in order to redeliver such Gas at the Delivery Point.

ARTICLE XII

WARRANTY OF RIGHT TO DELIVER

12.1 Shipper warrants that at the time of delivery it has the right to deliver the Gas to MichCon Gathering at the Receipt Point(s) and shall indemnify, defend, and save MichCon Gathering 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 XIII

TAXES

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

ARTICLE XIV

BILLING AND PAYMENT

14.1 On or before the twentieth Day of each calendar Month, MichCon Gathering will render a statement and supporting documentation to Shipper based on the applicable charges set

forth in Section 5.1 for the previous calendar Month. Shipper shall tender payment to MichCon Gathering for the amount billed in the statement on or before the later of (i) the 25th Day of the Month in which the statement was received or (ii) ten (10) Days after receipt of the statement. All payments must be made in the form of immediately available funds directed to a bank account designated by MichCon Gathering.

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

14.3 Shipper has the right at all reasonable times to examine the books, records and charts of MichCon Gathering 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 Shipper shall notify MichCon Gathering of any disputed amount in any statement, so that reasonable efforts may be made to resolve the dispute as quickly as possible.

14.5 If Shipper fails to pay any amount in any statement rendered by MichCon Gathering that is not in dispute when such amount is due, unless otherwise agreed by Shipper and MichCon Gathering, interest will accrue on the unpaid, undisputed amount at a rate equal to the Prime Rate from the due date until the date of payment.

14.6 If either MichCon Gathering or Shipper discovers any error or inaccuracy in invoices, statements, billings, payment, calculations or determinations under this Agreement, then proper adjustment and correction thereof will be made as promptly as practicable. If errors or inaccuracies are not identified by either Shipper or MichCon Gathering and reported to the other party within 36 Months from the date of such invoices, statements, billings, payments, calculations, or determinations, the same are deemed conclusively to be correct.

14.7 If Shipper fails to pay the uncontested amount of any invoice when it is due, MichCon Gathering may, after 10 days prior notice, suspend transportation services to Shipper until such amount is paid. Shipper may continue to receive Gas Transportation if Shipper deposits with MichCon Gathering and maintains, on prepaid account, an amount equal to amounts which would be due for three Months service at the full MDQ; or furnishes, within 15 Days, good and sufficient security, as reasonably determined by MichCon Gathering, of a continuing nature and in an amount equal to such amounts which would be due. The obligation to maintain a deposit will terminate if Shipper has made a prepaid account deposit each Month over six consecutive Months, but if Shipper has a late payment in any subsequent Month, it must again comply with the foregoing.

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 will 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 Gathering will be liable in damages, or in any other remedy, legal or equitable, to the other for failure to perform obligations under this Agreement due to any force majeure event, which is defined as 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 CO₂ treating plants or the necessity to make unscheduled shutdowns (for purposes of necessary maintenance, repairs, tests, or alterations to machinery, lines of pipe or CO₂ 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 force majeure 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 force majeure.

16.2 Any force majeure event affecting the performance of this Agreement by either party, however, will not relieve such party of liability (i) in the event of its continuing negligence; (ii) in the event of its failure to use due diligence to remedy the event of force majeure and to remove the cause of such force majeure in an adequate manner and with all reasonable dispatch or (iii) from its obligations to make payments of amounts then due thereunder, unless such party gives 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 THIS AGREEMENT IS GOVERNED BY THE LAW OF THE STATE OF MICHIGAN. IT IS AGREED THAT ANY AND ALL LITIGATION RELATED TO THIS AGREEMENT MUST BE BROUGHT IN EITHER A STATE OR FEDERAL COURT LOCATED IN WAYNE COUNTY, 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 Unless otherwise provided herein, all notices given hereunder by one party to the other shall be sent to the addresses provided below by registered mail, overnight mail or by facsimile transmission and shall be effective upon receipt thereof. However, routine communications, including monthly statements, will be considered as duly delivered when mailed by either registered, overnight or ordinary mail.

SHIPPER:

J5 Inc.
314 Cloister Court
Chapel Hill, NC 27514
Attn: Dean R. Powell

MICHCON GATHERING:

MichCon Gathering Company
2000 Second Avenue
Detroit, Michigan 48226
Attn: Director, Storage and Transmission Design

18.2 Each party may, by prior written notice to the other, change its address or addresses given above at any time.

ARTICLE XIX

MISCELLANEOUS PROVISIONS

19.1 Assignment: Shipper or MichCon Gathering may not broker, assign, convey or transfer its interests, rights and obligations under this Agreement without the prior written consent of the other party, which shall not be unreasonably withheld. Either Shipper or MichCon Gathering 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 succeeds by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper or of MichCon Gathering, as the case may be, will be entitled to the rights and will be subject to the obligations of its predecessor in title under this Agreement.

19.3 Successors and Assigns: This Agreement will be binding upon and enure to the benefit of the parties 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 Entirety: This Agreement and Exhibits A, B, and C constitute the entire agreement between MichCon Gathering 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 as of the day and year first above written.

MICHCON GATHERING COMPANY

By: Dennis A. Lambert
Dennis A. Lambert
Title: Director

J5 INC.

By: Dean R. Powell
Dean R. Powell
Title President

EXHIBIT A
RECEIPT POINTS

<u>Facility Name</u>	<u>Meter Number</u>	<u>MDQ</u>	<u>Shippers % Dedicated to Transportation</u>
Ant. Vienna 27 N	80196	1,500	100%
Ant. Vienna 15 N	80210	1,500	100%

MichCon Gathering Company acknowledges that the dedication of the above referenced projects shall not deny the rights of all J5 working, royalty and overriding royalty interest owners their rights to "take their gas in kind" under the signed and executed Joint Operating Agreements for each respective field-unit and operating area. While all such gas is dedicated to transportation and treating services provided by MichCon Gathering Company on the Antrim Expansion Project, J5 does not dedicate the sale or control of each party's gas after it has been delivered to the Delivery Point.

J5 Inc.
By: Dean R. Powell
Dean R. Powell
Title: President

Dated: 10/24/05

MichCon Gathering Company
By: Dennis A. Lambert
Dennis A. Lambert
Title: Director

Dated: 11/03/05

EXHIBIT B
DELIVERY POINTS

<u>Facility Name</u>	<u>Location</u>	<u>Pressure (psig)</u>	<u>MDQ</u>
MichCon 30" T&D Line	Outlet Kalkaska Gas Plant	950	360
Consumers Power 12" T&D Line	Goose Creek	960	190
ANR 24" Transmission Line	S. Chester Treating Plant	1,040	75
ANR 36" Storage Line (Kalkaska – ANR)	Outlet Kalkaska Gas Plant	950	150
Great Lakes 36" Transmission Line or alternate points per ANR guarantee	Goose Creek	950	50

EXHIBIT C

ANTRIM GAS TRANSPORTATION AGREEMENT

- I. Service Requests
- II. Nominations, Scheduling and Allocations
- III. Paper Pooling
- IV. Imbalances
- V. Measurement
- VI. Quality Specifications
- VII. Diversion of Gas

I. SERVICE REQUESTS

- A. Transportation Service provided pursuant to this Agreement will be offered on a firm basis until 100% of the capacity of the AEP is subscribed. Thereafter, service will be offered on an interruptible basis. MichCon Gathering may provide service on an interruptible basis only to the extent capacity exceeds its firm commitments.
- B. If more capacity is requested than is available, then all requests will be filled by prorating the total system capacity among shippers with dedicated reserves. System capacity reallocations will be made at the end of each calendar quarter for the term of this Agreement.
- C. One year after the effective date of this Agreement, if for any consecutive twelve month period, Shipper transports an amount of Gas on a daily basis that averages

less than 90% of Shipper's total MDQ, then MichCon Gathering may adjust such MDQ downward to equal Shipper's daily average of transported quantities for such prior twelve Month period, unless Shipper provides MichCon Gathering with reasonable assurances that the average amount of gas that Shipper will make available for transportation within the next twelve Months shall equal or exceed Shipper's MDQ. If a Force Majeure event occurred during any of the prior twelve Months, or if Shipper's MDQ was reduced during any of the prior twelve Months due to MichCon Gathering's lack of capacity on the AEP, then such Month(s) shall be excluded and the next prior Month(s) used in its stead. Furthermore, if Shipper's transported quantities of Gas on a daily basis for a three Month period exceed Shipper's total MDQ, then Shipper may request an increase of its MDQ, and MichCon Gathering will, at the end of the calendar quarter, grant Shipper's request on pro rata basis with all other shippers' requests for MDQ increases subject to capacity restraints on the AEP.

II. NOMINATIONS, SCHEDULING and ALLOCATIONS

- A. Nominations must be made via MichCon's Electronic Bulletin Board, ConQuest. Shipper shall include for each nomination the daily quantities of Gas that it desires MichCon Gathering to transport during each Month from each Receipt Point and the daily quantities that Shipper desires MichCon Gathering 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 Gathering must make

adjustments pursuant to allocations below. The sum of the quantities nominated at all Receipt Points hereunder may 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.
- C. Nomination Changes after the beginning of the Month. Shipper shall give MichCon Gathering at least twenty-four (24) hours notice prior to any proposed change of a daily nomination to be effective for the next Day. MichCon Gathering shall waive such notice upon request if, in its view, the AEP operating conditions permit such waiver. Shipper will be allowed to change the order of priority of receipts and deliveries by providing twenty-four (24) hour notice.
- D. Shipper's nominations are not effective until confirmed either in writing or via ConQuest. Nominations will be confirmed or rejected within 24 hours of receipt. Nominations will not be rejected without cause.
- E. Shipper's Agent. Shipper may designate in writing an agent to nominate and schedule Gas Transportation Service on Shipper's behalf. Such designation must be in writing. An agent may provide nomination(s) for multiple Shippers. Shipper shall indemnify and save MichCon Gathering 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.
- F. Hourly Variation. Shipper shall maintain uniform hourly rates at all Receipt Points hereunder to the extent practicable.

- G. Delivery of Gas. MichCon Gathering shall make daily delivery of Equivalent Quantities of gas, at each Delivery Point that Shipper nominates, provided, however, that Shipper may not take delivery of gas for quantities it has not nominated and delivered to MichCon Gathering 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 Gathering will schedule receipts and deliveries of gas on the basis of Shippers' confirmed nominations pursuant to the following:
- i. If the AEP is not at full capacity due to the transportation of shippers' firm MDQ, then excess capacity will exist such that MichCon Gathering is able to receive (a) AOG nominations in excess of a Shipper's MDQ, or (b) Interruptible Service nominations;
 - ii. UOG shall occur when a Shipper exceeds its MDQ and fails to comply with the criteria set forth in Section 5.1.5 of the Agreement;
 - iii. Firm Service, AOG, or Interruptible Service will 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 Gathering may allocate Receipt Point capacity, if required, pro rata by confirmed nominations up to the Firm MDQ at each Receipt Point;
- v. MichCon Gathering may allocate AEP capacity, if required, pro rata by confirmed nominations up to the Firm MDQ;
- vi. MichCon Gathering 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 will be based on each Shipper's instructions to MichCon Gathering;
- vii. In the event that Shipper is transporting UOG and MichCon Gathering determines that it will curtail such UOG, then MichCon Gathering 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 Gathering will forward to Shipper a report, either written or via ConQuest detailing Shipper's quantities in Mcf's and MMBtu's.
- ii. Allocation of Deliveries.

All deliveries will be allocated throughout the Month based on confirmed nominations at each Delivery Point. Delivery Point quantities allocated among Shippers will 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 will be made throughout the Month pro rata, based on Shipper's confirmed nominations for each such Receipt Point. Receipt Point quantities will be reconciled at the end of each calendar Month.

iv. Electronic Information

MichCon Gathering will 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 Gathering will assume that receipts and/or deliveries are equal to nominations, provided, however, that MichCon Gathering 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 will not cause a penalty upon Shipper hereunder.

III. PAPER POOLING

- A. Once MichCon Gathering has allocated gas pursuant to this Agreement, then any over deliveries or under deliveries by Shipper at one Receipt or Delivery Point may be offset by underdeliveries or overdeliveries by Shipper at another Receipt or

Delivery Point, respectively ("Paper Pooling"). Such netting will be used by MichCon Gathering for determining any imbalance penalties under this Agreement.

- B. Paper Pooling does not relieve Shipper from its obligation to make valid nominations or its obligation for gas imbalances under the terms of this Agreement.

IV. MONTHLY IMBALANCES

- A. At the end of each Month, MichCon Gathering will provide each Shipper with a gas imbalance statement for that Month ("Imbalance Month") either via ConQuest or written copy. Shipper will be afforded the opportunity to make up the imbalance during the subsequent Month, as follows:
- i. If the imbalance resulted from an overdelivery of gas based on Receipt Point volumes less Pipeline Loss, then for the Month following the Imbalance Month, Shipper shall nominate and receive for redelivery at the Delivery Point, volumes equivalent to the amount of the overdelivery.
 - ii. If the imbalance resulted from an underdelivery of gas based on Receipt Point volumes less Pipeline Loss, then for the Month following the Imbalance Month, Shipper shall nominate and deliver to the Receipt Point, volumes equivalent to the amount of the underdelivery.
 - iii. Gas nominated pursuant to Sections IV.A.i. and IV.A.ii. ("Pay-back Gas") must be the first gas nominated for the Month following the Imbalance Month. If Pay-back Gas is not the first gas nominated, MichCon Gathering, at its discretion, may refuse nominations for Shipper's transport gas.

- B. If at the end of any Month following an Imbalance Month, Shipper's net imbalance, after paper pooling, exceeds its confirmed nomination by a tolerance of 10% or greater, then Shipper will incur an imbalance penalty of 10¢ per Mcf for the amount of the imbalance in excess of the 10% tolerance. Such penalty will apply to any gas imbalance not resolved by the end of the Month as provided in Section IV.A. above 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 Gathering at the Receipt Points, quantities of gas in MMBtu's that are equal to those that Shipper has taken at the Delivery Point(s), plus those quantities retained by MichCon Gathering as compensation for Pipeline Loss, the term of this Agreement will be extended for a period of up to 60 Days during which time Shipper shall cause the deficient quantity to be delivered to MichCon Gathering pursuant to this Agreement at a mutually agreeable daily rate of delivery. Should Shipper fail to correct this imbalance within the 60 Day period, Shipper shall pay MichCon Gathering, 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.
- D. If upon termination of this Agreement, Shipper has delivered to MichCon Gathering at the Point(s) of Receipt, quantities of gas that are in excess of those that Shipper has taken at the Point(s) of Delivery, plus those quantities retained by MichCon Gathering as compensation for Pipeline Loss, the term of this Agreement will be

extended, for a period of up to 60 Days, during which time Shipper shall receive the excess quantities from MichCon Gathering pursuant to this Agreement at a mutually agreeable daily rate of receipt. Should MichCon Gathering fail to correct this imbalance within the 60 Day period, MichCon Gathering shall pay Shipper, 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 atmosphere (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 Delivery Point 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 Receipt or Delivery Points.
- 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 utilizing one of the following, as mutually agreed to between MichCon Gathering and Shipper:

- (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, if utilized, 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 Gathering, 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 Gathering. Shipper may install check

measuring equipment, provided that such equipment shall be installed so as not to interfere with the operations of MichCon Gathering. Shipper, in the presence of MichCon Gathering, 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 Gathering. 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 Gathering. The records from such measuring equipment shall remain the property of MichCon Gathering, 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 thereof 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 Gathering 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 Gathering 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 Gathering 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 Gas Transportation 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 I G and Shipper 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 and MichCon Gathering. All measured variables for differential pressure, static pressure, and temperature shall be sampled at least 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

installation, the battery capacity shall be at least twenty-four (24) hours when fully charged.

(f) Local Display: Shipper 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 Gathering 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 Gathering or an outside third party, shall be made available to Shipper personnel upon written request. MichCon Gathering shall provide Shipper 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 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 Gathering and shall not interfere with MichCon Gathering'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 the 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 Gathering, all Gas received and delivered under the terms of this Agreement must conform to the following specifications:

- (a) The Gas must 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 may not contain anything which might adversely affect the safe and efficient operation of MichCon Gathering's downstream facilities;
- (c) The water content of the Gas may not exceed 7 pounds per million cubic feet, however, every reasonable effort must be made to keep the water content at or below 5 pounds per million cubic feet;
- (d) The Gas may not contain oxygen. Shipper is responsible for insuring that its operator maintains its equipment to insure the gas is free of oxygen;
- (e) At any Receipt Point, the carbon dioxide content of the Gas may not exceed two mole percent (2%), unless Shipper can demonstrate that it has downstream processing agreements satisfactory to MichCon Gathering which provide that the carbon dioxide content of the gas will not exceed two mole percent (2%) at the outlet of the processing plant, in which case the carbon dioxide content may not

exceed twenty-five mole percent (25%), provided, however, that Shipper's aggregate Receipt Point Gas hereunder may not exceed 14 mole percent;

- (f) The Gas may not contain more than 1/4 grain of hydrogen sulfide per 100 cubic feet;
- (g) The Gas may not contain more than 1/2 grain of mercaptan sulfur per 100 cubic feet;
- (h) The Gas may 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 must 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. If the Gas has been included in a downstream Gas treating agreement, the Gas at each Receipt Point must 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 degree Fahrenheit on a dry basis; however, Shipper's aggregate Receipt Point Gas must 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 Gathering shall notify Shipper of such deficiency and thereupon may, at its option, refuse to accept deliveries pending correction. Upon demonstration acceptable to MichCon Gathering 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 Gathering shall commence or resume, as the case may be, taking delivery of Gas.

- (k) Shipper agrees to indemnify and hold MichCon Gathering harmless for any and all liability resulting from MichCon Gathering's movement of Gas received by Shipper 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 AEP is a stand-alone system for the CO₂ treating and transportation of Antrim Gas. The AEP has no direct end user or distribution markets, but interconnects with (i) Michigan Consolidated Gas Company, (ii) ANR Pipeline Company, (iii) Great Lakes Gas Transmission and (iv) Consumers Power Company ("Four Pipelines"), that do have direct markets. The parties recognize that the AEP is thus not subject to diversion of gas. However, when AEP gas is delivered into each of the Four Pipelines, then such gas is subject to the diversion rules that apply to each such pipeline.

MPSC Case No. U-14754

Exhibit DOM-79

U-14754
DOMC-1.1/1

ASAT: 66007

ANTRIM GAS TRANSPORTATION AGREEMENT

ANTRIM GAS TRANSPORTATION AGREEMENT

TABLE OF CONTENTS

ARTICLE I <u>DEFINITIONS</u>	1
ARTICLE II <u>DEDICATION OF RESERVES</u>	3
ARTICLE III <u>TERM</u>	4
ARTICLE IV <u>GAS TRANSPORTATION</u>	4
ARTICLE V <u>RATES</u>	4
ARTICLE VI <u>NOMINATIONS, DELIVERIES</u>	7
ARTICLE VII <u>RECEIPT POINT(S)</u>	7
ARTICLE VIII <u>DELIVERY POINT(S)</u>	8
ARTICLE IX <u>DISPOSITION OF GAS</u>	8
ARTICLE X <u>POSSESSION AND RESPONSIBILITY</u>	9
ARTICLE XI <u>DELIVERY PRESSURE</u>	9
ARTICLE XII <u>WARRANTY OF RIGHT TO DELIVER</u>	10
ARTICLE XIII <u>TAXES</u>	10

ARTICLE XIV <u>BILLING AND PAYMENT</u>	11
ARTICLE XV <u>NON-WAIVER OF FUTURE DEFAULTS</u>	12
ARTICLE XVI <u>FORCE MAJEURE</u>	13
ARTICLE XVII <u>LAWS, ORDERS, RULES AND REGULATIONS</u>	14
ARTICLE XVIII <u>NOTICE</u>	14
ARTICLE XIX <u>MISCELLANEOUS PROVISIONS</u>	15

SCHEDULE OF EXHIBITS

<u>EXHIBIT</u>	<u>SUBJECT</u>
A.	RECEIPT POINTS
B.	DELIVERY POINTS
C.	GENERAL TERMS & CONDITIONS
	I. Service Requests
	II. Nominations, Scheduling and Allocations
	III. Paper Pooling
	IV. Imbalances
	V. Measurement
	VI. Quality Specifications
	VII. Diversion of Gas

**MICHCON GATHERING COMPANY
ANTRIM GAS TRANSPORTATION AGREEMENT**

THIS AGREEMENT is entered into as of this 1st day of November, 2001, by and between DELTA OIL COMPANY, INC. ("Shipper"), having an office at 125 Windsor Drive, Suite 101, Oak Brook, Illinois 60523 and MICHCON GATHERING COMPANY ("MichCon Gathering"), having its principal offices at 500 Griswold, Detroit, Michigan 48226.

RECITALS

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

WHEREAS MichCon Gathering 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 Gathering agree as follows:

ARTICLE I

DEFINITIONS

- 1.1. "Antrim Gas" or "Gas" means natural gas produced from the Antrim shale formation.
- 1.2. "Antrim Expansion Project" or "AEP" means the pipeline expansion project as filed by MichCon Gathering in the Michigan Public Service Commission Case No. U-10547, which includes (i) the utilization of MichCon Gathering's Northern Michigan Wet Header production and gathering system for purposes of providing transportation, and (ii) transportation on the MichCon Gathering laterals.

- 1.3. CO₂ means carbon dioxide.
- 1.4. "Commission" or "MPSC" means the Michigan Public Service Commission.
- 1.5. "Cubic Foot of Gas" means that quantity of Gas which occupies one cubic foot at a temperature of 60 degrees Fahrenheit and at a pressure of 14.65 Psia.
- 1.6. "Day" means a period of 24 consecutive hours beginning at noon Eastern Time of one calendar day and ending at noon Eastern Time on the next following calendar day. The reference date for any day shall be that of its beginning.
- 1.7. "Delivery Point(s)" means the points set forth on Exhibit B, attached hereto, at which MichCon Gathering shall redeliver Equivalent Quantities of Antrim Gas to Shipper.
- 1.8. "Equivalent Quantity(ies)" means the volume of gas delivered by or for the account of Shipper to MichCon Gathering on any day pursuant to this Agreement multiplied by a fraction, the numerator of which is the average heating value per Mcf of the gas delivered or caused to be delivered by Shipper and the denominator of which is the average heating value per Mcf of the gas redelivered on the same day by MichCon Gathering, less any amount withheld by MichCon Gathering for Pipeline Loss.
- 1.9. "Gas Transportation Charge" is \$0.05104/Mcf.
- 1.10. "Gas Transportation Service" means transportation service by MichCon Gathering on the AEP for Shipper on a daily basis pursuant to the terms and conditions set forth in this Agreement.
- 1.11. "Lateral Charge" means the rate for transportation gas on MichCon's laterals set forth in MichCon's transportation rate schedules on file with the Commission and as may be revised from time to time.

- 1.12. "Mcf" means 1,000 Cubic Feet of Gas.
- 1.13. "MichCon" means Michigan Consolidated Gas Company.
- 1.14. "Month" means the period commencing at noon Eastern Time on the first calendar Day of a calendar month and extending until noon Eastern Time on the first Day of the next following calendar month.
- 1.15. "Pipeline Loss" means 0.12% of all Nominated, Authorized and Unauthorized Overrun Quantities delivered to a Delivery Point for loss of Gas on the AEP.
- 1.16. "Prime Rate" means the rate announced by NBD Bank (or its successor) from time to time as its prime commercial lending rate, or if the prime rate is discontinued, the rate announced from time to time as that being charged to its most creditworthy commercial borrowers for 90 Day unsecured loans.
- 1.17. "Receipt Point(s)" means the points set forth on Exhibit A, attached hereto, at which Shipper may deliver Antrim Gas to MichCon Gathering.

ARTICLE II

DEDICATION OF RESERVES

2.1 Before any Antrim Gas is transported on a firm basis pursuant to this Agreement, the party who owns or controls the acreage from which the gas is produced shall dedicate all previously undedicated Antrim reserves which it owns and controls and which can be reasonably serviced by the AEP. Antrim Gas which is produced from after acquired or controlled acreage must also first be dedicated to the AEP before it will be transported on a firm basis. Such dedications must be made on a form provided or approved by MichCon Gathering. MichCon Gathering 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 are effective on November 1, 2001 and will continue in effect until December 31, 2010. This Agreement will continue in effect from year to year thereafter until terminated by either party giving written notice to the other at least 90 days prior to the next anniversary date.

ARTICLE IV

GAS TRANSPORTATION

4.1 Shipper shall deliver or cause to be delivered to MichCon Gathering at the Receipt Points, Antrim Gas for Gas Transportation Service up to a maximum daily quantity ("MDQ") of 500 Mcf. MichCon Gathering shall provide Gas Transportation Service for Shipper or for the account of Shipper and shall redeliver an Equivalent Quantity of natural gas at the Delivery Points nominated pursuant to this Agreement. Gas Transportation Service shall be provided in accordance with Exhibit C, Section I.A.

4.2 MichCon Gathering may retain 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 shall be borne by MichCon or the downstream shipper. 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 Shipper shall pay MichCon Gathering a Monthly amount for transportation as follows:

- 5.1.1 A Monthly Customer Administrative Charge of \$300.
- 5.1.2 A basic charge equal to the volumes of Gas in Mcf units received by MichCon Gathering from Shipper at the Receipt Points and transported for or on behalf of Shipper during the Month, multiplied by the Gas Transportation Charge.
- 5.1.3 A charge for transportation on MichCon's laterals equal to the quantities of Gas transported on the laterals, multiplied by the Lateral Charge.
- 5.1.4 An Overrun Charge, for any amounts that exceed Shipper's MDQ on any Day ("Unauthorized Overrun Gas"), equal to the sum of \$3.20 per Mcf multiplied by such Unauthorized Overrun Gas; provided, however, no Overrun Charge will be charged under the following circumstances:
- a. in any Month where Shipper, after meeting the criteria set forth in 5.1.5 delivers Gas in excess of its MDQ ("Authorized Overrun Gas");
 - b. in any Month where the daily quantities in excess of the MDQ averages no more than five percent above (i) the MDQ or (ii) the MDQ plus any Authorized Overrun Gas; or
 - c. in circumstances where Gas delivered in excess of the MDQ 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 will be allowed during any calendar Month.
- 5.1.5 Shipper may deliver to MichCon Gathering Authorized Overrun Gas if any of the following criterion is met:

- a. Shipper has obtained MichCon Gathering's written permission to flow gas in excess of Shipper's MDQ prior to submitting a nomination;
 - b. Shipper has notified MichCon Gathering by ConQuest, MichCon's electronic bulletin board, 24 hours prior to the deadline for submitting a nomination of its intent to submit a nomination to deliver Gas in excess of Shipper's MDQ. Such intent shall be clearly identified on the request. Unless Shipper receives notification of MichCon Gathering's denial of Shipper's request for Authorized Overrun Gas by ConQuest by the nomination deadline, then Shipper has authorization to deliver gas in excess of its MDQ up to the amount indicated in the ConQuest transmittal to MichCon Gathering. This approval shall be good only for one Month at a time.
 - c. Permission to flow Authorized Overrun Gas will be granted unless the AEP is transporting firm Gas at full capacity.
- 5.1.6 If MichCon Gathering is not able to transport Shipper's nominated quantity up to Shipper's MDQ due to Unauthorized Overrun Gas on the system, Shipper shall receive, on a calendar year quarterly basis, its proportionate share of 80% of the actual funds MichCon Gathering collects as Overrun Charges from all Shippers. Shipper's proportionate share will be an amount equal to Shipper's quantity of Gas, up to its MDQ, that did not flow during the calendar quarter as a result of Unauthorized Overrun Gas divided by the total quantity of Gas that did not flow on the AEP because of Unauthorized Overrun Gas during the calendar quarter.

- 5.2 All charges set forth in this Article V, except the Monthly Customer Administrative Charge, will be applied to quantities in units of Mcf delivered at the Receipt Point as measured in accordance with the terms of Exhibit C, Section V.

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 C, Section II.

ARTICLE VII

RECEIPT POINT(S)

- 7.1 Shipper shall deliver or cause to be delivered Antrim Gas at the Receipt Point(s). All Gas delivered to MichCon Gathering must meet the quality specification set out in Exhibit C, Section VI.

- 7.2 MichCon Gathering, at its sole option, may refuse to accept Gas at any Receipt Point(s) that is not subject to an executed Receipt Point Agreement between MichCon Gathering or its designee and the party responsible for the Receipt Point.

ARTICLE VIII

DELIVERY POINT(S)

- 8.1 For all Antrim Gas delivered by Shipper to MichCon Gathering at the Receipt Points, MichCon Gathering shall redeliver to Shipper, or for the account of Shipper, Equivalent Quantities of Gas at the Delivery Point(s).

ARTICLE IX

DISPOSITION OF GAS

9.1 Because of the inability of MichCon Gathering 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 Gathering 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 effective date of this Agreement, MichCon Gathering 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 effective date of this Agreement, MichCon Gathering shall 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 Gathering determines that retrofitting Receipt Points with EGM is necessary for the efficient operation of the AEP, then MichCon Gathering may mandate installation of EGM at such points and the associated costs will be borne by the Receipt Point holder.

9.2 MichCon Gathering may commingle Gas delivered under this Agreement with Gas owned by MichCon Gathering and/or transported by MichCon Gathering for others if the resulting commingled gas stream meets the Delivery Point quality specifications in Exhibit C or any quality specifications subsequently authorized by the MPSC.

ARTICLE X

POSSESSION AND RESPONSIBILITY

10.1 As between the parties, Shipper is deemed to be in exclusive control and possession of the Gas transported under this Agreement and is responsible for any damage or injury caused thereby until the Gas is delivered by Shipper to MichCon Gathering at the interconnection with the Antrim Expansion Project and after it is redelivered by MichCon Gathering at the Delivery Point(s). MichCon Gathering is deemed to be in exclusive control and possession of the Gas and responsible for any damage or injury caused thereby after it is delivered to MichCon Gathering, by Shipper or for Shipper's account, at the interconnection with the Antrim Expansion Project, and before it is redelivered by MichCon Gathering at the Delivery Point(s).

ARTICLE XI

DELIVERY PRESSURE

11.1 MichCon Gathering has no obligation to receive Antrim Gas at Receipt Points from Shipper unless such Gas is delivered at MichCon Gathering's prevailing line pressure, but not to exceed its maximum allowable operating pressure (MAOP). Shipper has no obligation to receive quantities of Antrim Gas, or cause quantities of Antrim Gas to be received by a third party transporter under this Agreement, unless such gas is delivered at pressures set forth in Exhibit B for each Delivery Point. MichCon Gathering will not compress the Gas it transports in order to redeliver such Gas at the Delivery Point.

ARTICLE XII

WARRANTY OF RIGHT TO DELIVER

12.1 Shipper warrants that at the time of delivery it has the right to deliver the Gas to MichCon Gathering at the Receipt Point(s) and shall indemnify, defend, and save MichCon Gathering 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 XIII

TAXES

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

ARTICLE XIV

BILLING AND PAYMENT

14.1 On or before the twentieth Day of each calendar Month, MichCon Gathering will render a statement and supporting documentation to Shipper based on the applicable charges set forth in Section 5.1 for the previous calendar Month. Shipper shall tender payment to MichCon Gathering

for the amount billed in the statement on or before the later of (i) the 25th Day of the Month in which the statement was received or (ii) ten (10) Days after receipt of the statement. All payments must be made by wire transfer directed to a bank account designated by MichCon Gathering.

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

14.3 Shipper has the right at all reasonable times to examine the books, records and charts of MichCon Gathering 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 Shipper shall notify MichCon Gathering of any disputed amount in any statement, so that reasonable efforts may be made to resolve the dispute as quickly as possible.

14.5 If Shipper fails to pay any amount in any statement rendered by MichCon Gathering that is not in dispute when such amount is due, unless otherwise agreed by Shipper and MichCon Gathering, interest will accrue on the unpaid, undisputed amount at a rate equal to the Prime Rate from the due date until the date of payment.

14.6 If either MichCon Gathering or Shipper discovers any error or inaccuracy in invoices, statements, billings, payment, calculations or determinations under this Agreement, then proper adjustment and correction thereof will be made as promptly as practicable. If errors or inaccuracies are not identified by either Shipper or MichCon Gathering and reported to the other party within 36 Months from the date of such invoices, statements, billings, payments, calculations, or determinations, the same are deemed conclusively to be correct.

14.7 If Shipper fails to pay the uncontested amount of any invoice when it is due, MichCon Gathering may, after 10 days prior notice, suspend transportation services to Shipper until such amount

is paid. Shipper may continue to receive Gas Transportation if Shipper deposits with MichCon Gathering and maintains, on prepaid account, an amount equal to amounts which would be due for three Months service at the full MDQ; or furnishes, within 15 Days, good and sufficient security, as reasonably determined by MichCon Gathering, of a continuing nature and in an amount equal to such amounts which would be due. The obligation to maintain a deposit will terminate if Shipper has made a prepaid account deposit each Month over six consecutive Months, but if Shipper has a late payment in any subsequent Month, it must again comply with the foregoing.

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 will 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 Gathering will be liable in damages, or in any other remedy, legal or equitable, to the other for failure to perform obligations under this Agreement due to any force majeure event, which is defined as 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 CO₂ treating plants or the necessity to make unscheduled shutdowns (for purposes of necessary maintenance,

repairs, tests, or alterations to machinery, lines of pipe or CO₂ 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 force majeure 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 force majeure.

16.2 Any force majeure event affecting the performance of this Agreement by either party, however, will not relieve such party of liability (i) in the event of its continuing negligence; (ii) in the event of its failure to use due diligence to remedy the event of force majeure and to remove the cause of such force majeure in an adequate manner and with all reasonable dispatch or (iii) from its obligations to make payments of amounts then due thereunder, unless such party gives 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 THIS AGREEMENT IS GOVERNED BY THE LAW OF THE STATE OF MICHIGAN. IT IS AGREED THAT ANY AND ALL LITIGATION RELATED TO THIS AGREEMENT MUST BE BROUGHT IN EITHER A STATE OR FEDERAL COURT LOCATED IN WAYNE COUNTY, 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 Unless otherwise provided herein, all notices given hereunder by one party to the other shall be sent to the addresses provided below by registered mail, overnight mail or by facsimile transmission and shall be effective upon receipt thereof. However, routine communications, including monthly statements, will be considered as duly delivered when mailed by either registered, overnight or ordinary mail.

SHIPPER:

Delta Oil Company, Inc.
125 Windsor Drive, Suite 101
Oak Brook, Illinois 40523
Attn: Chris Kokenis, President
Telecopy:

MICHCON GATHERING:

MichCon Gathering Company
500 Griswold
Detroit, Michigan 48226
Attn: Director, Pipeline & Storage Services
Fax: (313) 256-6416

18.2 Each party may, by prior written notice to the other, change its address or addresses given above at any time.

ARTICLE XIX

MISCELLANEOUS PROVISIONS

19.1 Assignment: Shipper or MichCon Gathering may not broker, assign, convey or transfer its interests, rights and obligations under this Agreement without the prior written consent of the other party, which shall not be unreasonably withheld. Either Shipper or MichCon Gathering 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 succeeds by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper or of MichCon Gathering, as the case may be, will be entitled to the rights and will be subject to the obligations of its predecessor in title under this Agreement.

19.3 Successors and Assigns: This Agreement will be binding upon and enure to the benefit of the parties 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 Entirety: This Agreement and Exhibits A, B, and C constitute the entire agreement between MichCon Gathering 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 as of the day and year first above written.

MICHCON GATHERING COMPANY

By: Dennis A. Lambert

Title: Director, Pipeline Services

DELTA OIL COMPANY, INC.

By: Chris Kofis

Title: President

EXHIBIT A
RECEIPT POINTS

Exhibit A for ASAT #66007 between MichCon Gathering Company and Delta Oil Company dated November 1, 2001.

<u>Receipt Point</u> <u>Name</u>	<u>Meter</u> <u>Number</u>	<u>Allocation</u> <u>Name</u>	<u>Meter</u> <u>Number</u>	<u>Shipper's % Dedicated</u> <u>to Transportation</u>	<u>Shipper's % of</u> <u>Gas Flow</u>
Ant. Vienna N. 10	80197	Ant. Vienna Waltz	81480	100%	100%

Accepted and Agreed to by the following duly authorized representatives.

DELTA OIL COMPANY

By: Chris Kops
Title: President
Dated: 11-26-01

MICHCON GATHERING COMPANY

By: Dennis A. Lambert
Title: Director, Pipeline Services
Dated: 12/04/01

EXHIBIT B
DELIVERY POINTS

<u>Facility Name</u>	<u>Location</u>	<u>Pressure (psig)</u>	<u>MDQ</u>
MichCon 30" T&D Line	Outlet Kalkaska Gas Plant	950	360
Consumers Power 12" T&D Line	Goose Creek	960	190
ANR 24" Transmission Line	S. Chester Treating Plant	1,040	75
ANR 36" Storage Line (Kalkaska - ANR)	Outlet Kalkaska Gas Plant	950	150
Great Lakes 36" Transmission Line or alternate points per ANR guarantee	Goose Creek	950	50

EXHIBIT C

ANTRIM GAS TRANSPORTATION AGREEMENT

- I. Service Requests
- II. Nominations, Scheduling and Allocations
- III. Paper Pooling
- IV. Imbalances
- V. Measurement
- VI. Quality Specifications
- VII. Diversion of Gas

I. SERVICE REQUESTS

- A. Transportation Service provided pursuant to this Agreement will be offered on a firm basis until 100% of the capacity of the AEP is subscribed. Thereafter, service will be offered on an interruptible basis. MichCon Gathering may provide service on an interruptible basis only to the extent capacity exceeds its firm commitments.
- B. If more capacity is requested than is available, then all requests will be filled by prorating the total system capacity among shippers with dedicated reserves received by MichCon Gathering before September 30, 1995. System capacity reallocations will be made at the end of each calendar quarter for the term of this Agreement.
- C. One year after the effective date of this Agreement, if for any consecutive twelve month period, Shipper transports an amount of Gas on a daily basis that averages less

than 90% of Shipper's total MDQ, then MichCon Gathering may adjust such MDQ downward to equal Shipper's daily average of transported quantities for such prior twelve Month period, unless Shipper provides MichCon Gathering with reasonable assurances that the average amount of gas that Shipper will make available for transportation within the next twelve Months shall equal or exceed Shipper's MDQ. If a Force Majeure event occurred during any of the prior twelve Months, or if Shipper's MDQ was reduced during any of the prior twelve Months due to MichCon Gathering's lack of capacity on the AEP, then such Month(s) shall be excluded and the next prior Month(s) used in its stead. Furthermore, if Shipper's transported quantities of Gas on a daily basis for a three Month period exceed Shipper's total MDQ, then Shipper may request an increase of its MDQ, and MichCon Gathering will, at the end of the calendar quarter, grant Shipper's request on pro rata basis with all other shippers' requests for MDQ increases subject to capacity restraints on the AEP.

II. NOMINATIONS, SCHEDULING and ALLOCATIONS

A. Nominations must be made via MichCon's Electronic Bulletin Board, ConQuest.

Shipper shall include for each nomination the daily quantities of Gas that it desires MichCon Gathering to transport during each Month from each Receipt Point and the daily quantities that Shipper desires MichCon Gathering 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 Gathering must make adjustments pursuant to allocations below. The sum of the quantities nominated at all Receipt Points hereunder

may 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.
- C. Nomination Changes after the beginning of the Month. Shipper shall give MichCon Gathering at least twenty-four (24) hours notice prior to any proposed change of a daily nomination to be effective for the next Day. MichCon Gathering shall waive such notice upon request if, in its view, the AEP operating conditions permit such waiver. Shipper will be allowed to change the order of priority of receipts and deliveries by providing twenty-four (24) hour notice.
- D. Shipper's nominations are not effective until confirmed either in writing or via ConQuest. Nominations will be confirmed or rejected within 24 hours of receipt. Nominations will not be rejected without cause.
- E. Shipper's Agent. Shipper may designate in writing an agent to nominate and schedule Gas Transportation Service on Shipper's behalf. Such designation must be in writing. An agent may provide nomination(s) for multiple Shippers. Shipper shall indemnify and save MichCon Gathering 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.
- F. Hourly Variation. Shipper shall maintain uniform hourly rates at all Receipt Points hereunder to the extent practicable.

- G. Delivery of Gas. MichCon Gathering shall make daily delivery of Equivalent Quantities of gas, at each Delivery Point that Shipper nominates, provided, however, that Shipper may not take delivery of gas for quantities it has not nominated and delivered to MichCon Gathering at Receipt Point(s).
- H. Scheduling and Allocation of Capacity. There are four service levels: Firm Service, Authorized Overrun Gas ("AGO"), Unauthorized Overrun Gas ("UOG"), and Interruptible Service. For each Day, MichCon Gathering will schedule receipts and deliveries of gas on the basis of Shippers' confirmed nominations pursuant to the following:
- i. If the AEP is not at full capacity due to the transportation of shippers' firm MDQ, then excess capacity will exist such that MichCon Gathering is able to receive (a) AOG nominations in excess of a Shipper's MDQ, or (b) Interruptible Service nominations;
 - ii. UOG shall occur when a Shipper exceeds its MDQ and fails to comply with the criteria set forth in Section 5.1.5 of the Agreement;
 - iii. Firm Service, AOG, or Interruptible Service will 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 Gathering may allocate Receipt Point capacity, if required, pro rata by confirmed nominations up to the Firm MDQ at each Receipt Point;
- v. MichCon Gathering may allocate AEP capacity, if required, pro rata by confirmed nominations up to the Firm MDQ;
- vi. MichCon Gathering 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 will be based on each Shipper's instructions to MichCon Gathering;
- vii. In the event that Shipper is transporting UOG and MichCon Gathering determines that it will curtail such UOG, then MichCon Gathering 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 Gathering will forward to Shipper a report, either written or via ConQuest detailing Shipper's quantities in Mcf's and MMBtu's.

- ii. Allocation of Deliveries.

All deliveries will be allocated throughout the Month based on confirmed nominations at each Delivery Point. Delivery Point quantities allocated among Shippers will 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 will be made throughout the Month pro rata, based on Shipper's confirmed nominations for each such Receipt Point. Receipt Point quantities will be reconciled at the end of each calendar Month.

iv. Electronic Information

MichCon Gathering will 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 Gathering will assume that receipts and/or deliveries are equal to nominations, provided, however, that MichCon Gathering 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 will not cause a penalty upon Shipper hereunder.

III. PAPER POOLING

- A. Once MichCon Gathering has allocated gas pursuant to this Agreement, then any over deliveries or under deliveries by Shipper at one Receipt or Delivery Point may be offset by underdeliveries or overdeliveries by Shipper at another Receipt or Delivery Point, respectively ("Paper Pooling"). Such netting will be used by MichCon Gathering for determining any imbalance penalties under this Agreement.
- B. Paper Pooling does not relieve Shipper from its obligation to make valid nominations or its obligation for gas imbalances under the terms of this Agreement.

IV. MONTHLY IMBALANCES

- A. At the end of each Month, MichCon Gathering will provide each Shipper with a gas imbalance statement for that Month ("Imbalance Month") either via ConQuest or written copy. Shipper will be afforded the opportunity to make up the imbalance during the subsequent Month, as follows:
- i. If the imbalance resulted from an overdelivery of gas based on Receipt Point volumes less Pipeline Loss, then for the Month following the Imbalance Month, Shipper shall nominate and receive for redelivery at the Delivery Point, volumes equivalent to the amount of the overdelivery.
 - ii. If the imbalance resulted from an underdelivery of gas based on Receipt Point volumes less Pipeline Loss, then for the Month following the Imbalance Month, Shipper shall nominate and deliver to the Receipt Point, volumes equivalent to the amount of the underdelivery.
 - iii. Gas nominated pursuant to Sections IV.A.i. and IV.A.ii. ("Pay-back Gas") must be the first gas nominated for the Month following the Imbalance Month. If Pay-back Gas is not the first gas nominated, MichCon Gathering, at its discretion, may refuse nominations for Shipper's transport gas.
- B. If at the end of any Month following an Imbalance Month, Shipper's net imbalance, after paper pooling, exceeds its confirmed nomination by a tolerance of 10% or greater, then Shipper will incur an imbalance penalty of 10¢ per Mcf for the amount of the imbalance in excess of the 10% tolerance. Such penalty will apply to any gas

imbalance not resolved by the end of the Month as provided in Section IV.A. above 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 Gathering at the Receipt Points, quantities of gas in MMBtu's that are equal to those that Shipper has taken at the Delivery Point(s), plus those quantities retained by MichCon Gathering as compensation for Pipeline Loss, the term of this Agreement will be extended for a period of up to 60 Days during which time Shipper shall cause the deficient quantity to be delivered to MichCon Gathering pursuant to this Agreement at a mutually agreeable daily rate of delivery. Should Shipper fail to correct this imbalance within the 60 Day period, Shipper shall pay MichCon Gathering, 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.
- D. If upon termination of this Agreement, Shipper has delivered to MichCon Gathering at the Point(s) of Receipt, quantities of gas that are in excess of those that Shipper has taken at the Point(s) of Delivery, plus those quantities retained by MichCon Gathering as compensation for Pipeline Loss, the term of this Agreement will be extended, for a period of up to 60 Days, during which time Shipper shall receive the excess quantities from MichCon Gathering pursuant to this Agreement at a mutually agreeable daily rate of receipt. Should MichCon Gathering fail to correct this imbalance within the 60 Day period, MichCon Gathering shall pay Shipper, 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 atmosphere (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 Delivery Point 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 orifice 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 Receipt or Delivery Points.

- 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 utilizing one of the following, as mutually agreed to between MichCon Gathering and Shipper:
 - (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, if utilized, 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 Gathering, 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 Gathering. Shipper may install check measuring equipment, provided that such equipment shall be installed so as not to interfere with the operations of MichCon Gathering. Shipper, in the presence of MichCon Gathering, 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 Gathering. 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 Gathering. The records from such measuring equipment shall remain the property of MichCon Gathering, 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 thereof 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 Gathering 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 Gathering 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 Gathering 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 Gas Transportation 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 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 and MichCon Gathering. All measured variables for differential pressure, static pressure, and temperature shall be sampled at least once per second. All volume calculations shall be made at lest 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 installation, the battery capacity shall be at least twenty-four (24) hours when fully charged.
- (f) Local Display: Shipper 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 Gathering 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 Gathering or an outside third party, shall be made available to Shipper personnel upon written request. MichCon Gathering shall provide Shipper 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 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 Gathering and shall not interfere with MichCon Gathering'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 the 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 Gathering, all Gas received and delivered under the terms of this Agreement must conform to the following specifications:

- (a) The Gas must 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 may not contain anything which might adversely affect the safe and efficient operation of MichCon Gathering's downstream facilities;

- (c) The water content of the Gas may not exceed 7 pounds per million cubic feet, however, every reasonable effort must be made to keep the water content at or below 5 pounds per million cubic feet;
- (d) The Gas may not contain oxygen. Shipper is responsible for insuring that its operator maintains its equipment to insure the gas is free of oxygen;
- (e) At any Receipt Point, the carbon dioxide content of the Gas may not exceed two mole percent (2%), unless Shipper can demonstrate that it has downstream processing agreements satisfactory to MichCon Gathering which provide that the carbon dioxide content of the gas will not exceed two mole percent (2%) at the outlet of the processing plant, in which case the carbon dioxide content may not exceed twenty-five mole percent (25%), provided, however, that Shipper's aggregate Receipt Point Gas hereunder may not exceed 14 mole percent;
- (f) The Gas may not contain more than 1/4 grain of hydrogen sulfide per 100 cubic feet;
- (g) The Gas may not contain more than 1/2 grain of mercaptan sulfur per 100 cubic feet;
- (h) The Gas may 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 must 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. If the Gas has been included in a

downstream Gas treating agreement, the Gas at each Receipt Point must 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 degree Fahrenheit on a dry basis; however, Shipper's aggregate Receipt Point Gas must 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 Gathering shall notify Shipper of such deficiency and thereupon may, at its option, refuse to accept deliveries pending correction. Upon demonstration acceptable to MichCon Gathering 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 Gathering shall commence or resume, as the case may be, taking delivery of Gas.
- (k) Shipper agrees to indemnify and hold MichCon Gathering harmless for any and all liability resulting from MichCon Gathering's movement of Gas received by Shipper 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 AEP is a stand-alone system for the CO₂ treating and transportation of Antrim Gas.

The AEP has no direct end user or distribution markets, but interconnects with (i)

Michigan Consolidated Gas Company, (ii) ANR Pipeline Company, (iii) Great Lakes Gas

MPSC Case No. U-14754

Exhibit DOM-80

U-14754
DOMC-1.1/1

ASAT: 67302

ANTRIM GAS TRANSPORTATION AGREEMENT

ANTRIM GAS TRANSPORTATION AGREEMENT

TABLE OF CONTENTS

ARTICLE I <u>DEFINITIONS</u>	1
ARTICLE II <u>DEDICATION OF RESERVES</u>	3
ARTICLE III <u>TERM</u>	4
ARTICLE IV <u>GAS TRANSPORTATION</u>	4
ARTICLE V <u>RATES</u>	4
ARTICLE VI <u>NOMINATIONS, DELIVERIES</u>	7
ARTICLE VII <u>RECEIPT POINT(S)</u>	7
ARTICLE VIII <u>DELIVERY POINT(S)</u>	8
ARTICLE IX <u>DISPOSITION OF GAS</u>	8
ARTICLE X <u>POSSESSION AND RESPONSIBILITY</u>	9
ARTICLE XI <u>DELIVERY PRESSURE</u>	9
ARTICLE XII <u>WARRANTY OF RIGHT TO DELIVER</u>	10
ARTICLE XIII <u>TAXES</u>	10

ARTICLE XIV <u>BILLING AND PAYMENT</u>	11
ARTICLE XV <u>NON-WAIVER OF FUTURE DEFAULTS</u>	12
ARTICLE XVI <u>FORCE MAJEURE</u>	13
ARTICLE XVII <u>LAWS, ORDERS, RULES AND REGULATIONS</u>	14
ARTICLE XVIII <u>NOTICE</u>	14
ARTICLE XIX <u>MISCELLANEOUS PROVISIONS</u>	15

SCHEDULE OF EXHIBITS

<u>EXHIBIT</u>	<u>SUBJECT</u>
A.	RECEIPT POINTS
B.	DELIVERY POINTS
C.	GENERAL TERMS & CONDITIONS
	I. Service Requests
	II. Nominations, Scheduling and Allocations
	III. Paper Pooling
	IV. Imbalances
	V. Measurement
	VI. Quality Specifications
	VII. Diversion of Gas

**MICHCON GATHERING COMPANY
ANTRIM GAS TRANSPORTATION AGREEMENT**

THIS AGREEMENT is entered into as of this 1st day of March, 2003, by and between **SAVOY ENERGY, L.P.** ("Shipper"), having an office at 148 East Front Street, Traverse City, Michigan 49685-1560 and **MICHCON GATHERING COMPANY** ("MichCon Gathering"), having its principal offices at 500 Griswold, Detroit, Michigan 48226.

RECITALS

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

WHEREAS MichCon Gathering 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 Gathering agree as follows:

ARTICLE I

DEFINITIONS

- 1.1. "Antrim Gas" or "Gas" means natural gas produced from the Antrim shale formation.
- 1.2. "Antrim Expansion Project" or "AEP" means the pipeline expansion project as filed by MichCon Gathering in the Michigan Public Service Commission Case No. U-10547, which includes (i) the utilization of MichCon Gathering's Northern Michigan Wet Header production and gathering system for purposes of providing transportation, and (ii) transportation on the MichCon Gathering laterals.

- 1.3. CO₂ means carbon dioxide.
- 1.4. "Commission" or "MPSC" means the Michigan Public Service Commission.
- 1.5. "Cubic Foot of Gas" means that quantity of Gas which occupies one cubic foot at a temperature of 60 degrees Fahrenheit and at a pressure of 14.65 Psia.
- 1.6. "Day" means a period of 24 consecutive hours beginning at noon Eastern Time of one calendar day and ending at noon Eastern Time on the next following calendar day. The reference date for any day shall be that of its beginning.
- 1.7. "Delivery Point(s)" means the points set forth on Exhibit B, attached hereto, at which MichCon Gathering shall redeliver Equivalent Quantities of Antrim Gas to Shipper.
- 1.8. "Equivalent Quantity(ies)" means the volume of gas delivered by or for the account of Shipper to MichCon Gathering on any day pursuant to this Agreement multiplied by a fraction, the numerator of which is the average heating value per Mcf of the gas delivered or caused to be delivered by Shipper and the denominator of which is the average heating value per Mcf of the gas redelivered on the same day by MichCon Gathering, less any amount withheld by MichCon Gathering for Pipeline Loss.
- 1.9. "Gas Transportation Charge" is \$0.05104/Mcf.
- 1.10. "Gas Transportation Service" means transportation service by MichCon Gathering on the AEP for Shipper on a daily basis pursuant to the terms and conditions set forth in this Agreement.
- 1.11. "Lateral Charge" means the rate for transportation gas on MichCon's laterals set forth in MichCon's transportation rate schedules on file with the Commission and as may be revised from time to time.

- 1.12. "Mcf" means 1,000 Cubic Feet of Gas.
- 1.13. "MichCon" means Michigan Consolidated Gas Company.
- 1.14. "Month" means the period commencing at noon Eastern Time on the first calendar Day of a calendar month and extending until noon Eastern Time on the first Day of the next following calendar month.
- 1.15. "Pipeline Loss" means 0.12% of all Nominated, Authorized and Unauthorized Overrun Quantities delivered to a Delivery Point for loss of Gas on the AEP.
- 1.16. "Prime Rate" means the rate announced by NBD Bank (or its successor) from time to time as its prime commercial lending rate, or if the prime rate is discontinued, the rate announced from time to time as that being charged to its most creditworthy commercial borrowers for 90 Day unsecured loans.
- 1.17. "Receipt Point(s)" means the points set forth on Exhibit A, attached hereto, at which Shipper may deliver Antrim Gas to MichCon Gathering.

ARTICLE II

DEDICATION OF RESERVES

2.1 Before any Antrim Gas is transported on a firm basis pursuant to this Agreement, the party who owns or controls the acreage from which the gas is produced shall dedicate all previously undedicated Antrim reserves which it owns and controls and which can be reasonably serviced by the AEP. Antrim Gas which is produced from after acquired or controlled acreage must also first be dedicated to the AEP before it will be transported on a firm basis. Such dedications must be made on a form provided or approved by MichCon Gathering. MichCon Gathering 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 are effective on March 1, 2003 and will continue for a term of one month. This Agreement will continue in effect from month to month thereafter until terminated by either party giving 30 days prior written notice to the other.

ARTICLE IV

GAS TRANSPORTATION

4.1 Shipper shall deliver or cause to be delivered to MichCon Gathering at the Receipt Points, Antrim Gas for Gas Transportation Service up to a maximum daily quantity ("MDQ") of **7,000 Mcf**. MichCon Gathering shall provide Gas Transportation Service for Shipper or for the account of Shipper and shall redeliver an Equivalent Quantity of natural gas at the Delivery Points nominated pursuant to this Agreement. Gas Transportation Service shall be provided in accordance with Exhibit C, Section I.A.

4.2 MichCon Gathering may retain 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 shall be borne by MichCon or the downstream shipper. 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 Shipper shall pay MichCon Gathering a Monthly amount for transportation as follows:

5.1.1 A Monthly Customer Administrative Charge of \$300.

5.1.2 A basic charge equal to the volumes of Gas in Mcf units received by MichCon Gathering from Shipper at the Receipt Points and transported for or on behalf of Shipper during the Month, multiplied by the Gas Transportation Charge.

5.1.3 A charge for transportation on MichCon's laterals equal to the quantities of Gas transported on the laterals, multiplied by the Lateral Charge.

5.1.4 An Overrun Charge, for any amounts that exceed Shipper's MDQ on any Day ("Unauthorized Overrun Gas"), equal to the sum of \$3.20 per Mcf multiplied by such Unauthorized Overrun Gas; provided, however, no Overrun Charge will be charged under the following circumstances:

- a. in any Month where Shipper, after meeting the criteria set forth in 5.1.5 delivers Gas in excess of its MDQ ("Authorized Overrun Gas");
- b. in any Month where the daily quantities in excess of the MDQ averages no more than five percent above (i) the MDQ or (ii) the MDQ plus any Authorized Overrun Gas; or
- c. in circumstances where Gas delivered in excess of the MDQ 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 will be allowed during any calendar Month.

5.1.5 Shipper may deliver to MichCon Gathering Authorized Overrun Gas if any of the following criterion is met:

- a. Shipper has obtained MichCon Gathering's written permission to flow gas in excess of Shipper's MDQ prior to submitting a nomination;

- b. Shipper has notified MichCon Gathering by ConQuest, MichCon's electronic bulletin board, 24 hours prior to the deadline for submitting a nomination of its intent to submit a nomination to deliver Gas in excess of Shipper's MDQ. Such intent shall be clearly identified on the request. Unless Shipper receives notification of MichCon Gathering's denial of Shipper's request for Authorized Overrun Gas by ConQuest by the nomination deadline, then Shipper has authorization to deliver gas in excess of its MDQ up to the amount indicated in the ConQuest transmittal to MichCon Gathering. This approval shall be good only for one Month at a time.
- c. Permission to flow Authorized Overrun Gas will be granted unless the AEP is transporting firm Gas at full capacity.

5.1.6 If MichCon Gathering is not able to transport Shipper's nominated quantity up to Shipper's MDQ due to Unauthorized Overrun Gas on the system, Shipper shall receive, on a calendar year quarterly basis, its proportionate share of 80% of the actual funds MichCon Gathering collects as Overrun Charges from all Shippers. Shipper's proportionate share will be an amount equal to Shipper's quantity of Gas, up to its MDQ, that did not flow during the calendar quarter as a result of Unauthorized Overrun Gas divided by the total quantity of Gas that did not flow on the AEP because of Unauthorized Overrun Gas during the calendar quarter.

- 5.2 All charges set forth in this Article V, except the Monthly Customer Administrative Charge, will be applied to quantities in units of Mcf delivered at the Receipt Point as measured in accordance with the terms of Exhibit C, Section V.

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 C, Section II.

ARTICLE VII

RECEIPT POINT(S)

7.1 Shipper shall deliver or cause to be delivered Antrim Gas at the Receipt Point(s). All Gas delivered to MichCon Gathering must meet the quality specification set out in Exhibit C, Section VI.

7.2 MichCon Gathering, at its sole option, may refuse to accept Gas at any Receipt Point(s) that is not subject to an executed Receipt Point Agreement between MichCon Gathering or its designee and the party responsible for the Receipt Point.

ARTICLE VIII

DELIVERY POINT(S)

8.1 For all Antrim Gas delivered by Shipper to MichCon Gathering at the Receipt Points, MichCon Gathering shall redeliver to Shipper, or for the account of Shipper, Equivalent Quantities of Gas at the Delivery Point(s).

ARTICLE IX

DISPOSITION OF GAS

9.1 Because of the inability of MichCon Gathering 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 Gathering 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 effective date of this Agreement, MichCon Gathering 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 effective date of this Agreement, MichCon Gathering shall 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 Gathering determines that retrofitting Receipt Points with EGM is necessary for the efficient operation of the AEP, then MichCon Gathering may mandate installation of EGM at such points and the associated costs will be borne by the Receipt Point holder.

9.2 MichCon Gathering may commingle Gas delivered under this Agreement with Gas owned by MichCon Gathering and/or transported by MichCon Gathering for others if the resulting commingled gas stream meets the Delivery Point quality specifications in Exhibit C or any quality specifications subsequently authorized by the MPSC.

ARTICLE X

POSSESSION AND RESPONSIBILITY

10.1 As between the parties, Shipper is deemed to be in exclusive control and possession of the Gas transported under this Agreement and is responsible for any damage or injury caused thereby until the Gas is delivered by Shipper to MichCon Gathering at the interconnection with the Antrim Expansion Project and after it is redelivered by MichCon Gathering at the Delivery Point(s). MichCon Gathering is deemed to be in exclusive control and possession of the Gas and responsible for any damage or injury caused thereby after it is delivered

to MichCon Gathering, by Shipper or for Shipper's account, at the interconnection with the Antrim Expansion Project, and before it is redelivered by MichCon Gathering at the Delivery Point(s).

ARTICLE XI

DELIVERY PRESSURE

11.1 MichCon Gathering has no obligation to receive Antrim Gas at Receipt Points from Shipper unless such Gas is delivered at MichCon Gathering's prevailing line pressure, but not to exceed its maximum allowable operating pressure (MAOP). Shipper has no obligation to receive quantities of Antrim Gas, or cause quantities of Antrim Gas to be received by a third party transporter under this Agreement, unless such gas is delivered at pressures set forth in Exhibit B for each Delivery Point. MichCon Gathering will not compress the Gas it transports in order to redeliver such Gas at the Delivery Point.

ARTICLE XII

WARRANTY OF RIGHT TO DELIVER

12.1 Shipper warrants that at the time of delivery it has the right to deliver the Gas to MichCon Gathering at the Receipt Point(s) and shall indemnify, defend, and save MichCon Gathering 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 XIII

TAXES

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

ARTICLE XIV

BILLING AND PAYMENT

14.1 On or before the twentieth Day of each calendar Month, MichCon Gathering will render a statement and supporting documentation to Shipper based on the applicable charges set forth in Section 5.1 for the previous calendar Month. Shipper shall tender payment to MichCon Gathering

for the amount billed in the statement on or before the later of (i) the 25th Day of the Month in which the statement was received or (ii) ten (10) Days after receipt of the statement. All payments must be made by wire transfer directed to a bank account designated by MichCon Gathering.

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

14.3 Shipper has the right at all reasonable times to examine the books, records and charts of MichCon Gathering 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 Shipper shall notify MichCon Gathering of any disputed amount in any statement, so that reasonable efforts may be made to resolve the dispute as quickly as possible.

14.5 If Shipper fails to pay any amount in any statement rendered by MichCon Gathering that is not in dispute when such amount is due, unless otherwise agreed by Shipper and MichCon Gathering, interest will accrue on the unpaid, undisputed amount at a rate equal to the Prime Rate from the due date until the date of payment.

14.6 If either MichCon Gathering or Shipper discovers any error or inaccuracy in invoices, statements, billings, payment, calculations or determinations under this Agreement, then proper adjustment and correction thereof will be made as promptly as practicable. If errors or inaccuracies are not identified by either Shipper or MichCon Gathering and reported to the other party within 36 Months from the date of such invoices, statements, billings, payments, calculations, or determinations, the same are deemed conclusively to be correct.

14.7 If Shipper fails to pay the uncontested amount of any invoice when it is due, MichCon Gathering may, after 10 days prior notice, suspend transportation services to Shipper until such amount

is paid. Shipper may continue to receive Gas Transportation if Shipper deposits with MichCon Gathering and maintains, on prepaid account, an amount equal to amounts which would be due for three Months service at the full MDQ; or furnishes, within 15 Days, good and sufficient security, as reasonably determined by MichCon Gathering, of a continuing nature and in an amount equal to such amounts which would be due. The obligation to maintain a deposit will terminate if Shipper has made a prepaid account deposit each Month over six consecutive Months, but if Shipper has a late payment in any subsequent Month, it must again comply with the foregoing.

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 will 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 Gathering will be liable in damages, or in any other remedy, legal or equitable, to the other for failure to perform obligations under this Agreement due to any force majeure event, which is defined as 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 CO₂ treating plants or the necessity to make unscheduled shutdowns (for purposes of necessary maintenance,

repairs, tests, or alterations to machinery, lines of pipe or CO₂ 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 force majeure 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 force majeure.

16.2 Any force majeure event affecting the performance of this Agreement by either party, however, will not relieve such party of liability (i) in the event of its continuing negligence; (ii) in the event of its failure to use due diligence to remedy the event of force majeure and to remove the cause of such force majeure in an adequate manner and with all reasonable dispatch or (iii) from its obligations to make payments of amounts then due thereunder, unless such party gives 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 THIS AGREEMENT IS GOVERNED BY THE LAW OF THE STATE OF MICHIGAN. IT IS AGREED THAT ANY AND ALL LITIGATION RELATED TO THIS AGREEMENT MUST BE BROUGHT IN EITHER A STATE OR FEDERAL COURT LOCATED IN WAYNE COUNTY, 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 Unless otherwise provided herein, all notices given hereunder by one party to the other shall be sent to the addresses provided below by registered mail, overnight mail or by facsimile transmission and shall be effective upon receipt thereof. However, routine communications, including monthly statements, will be considered as duly delivered when mailed by either registered, overnight or ordinary mail.

SHIPPER:

Savoy Energy, L.P.
PO Box 1560
Traverse City, MI 49685-1560
Attn: Cheryl DeYoung

MICHCON GATHERING:

MichCon Gathering Company
500 Griswold
Detroit, Michigan 48226
Attn: Director, Pipeline and Storage Services
Fax: (313) 256-6416

18.2 Each party may, by prior written notice to the other, change its address or addresses given above at any time.

ARTICLE XIX

MISCELLANEOUS PROVISIONS

19.1 Assignment: Shipper or MichCon Gathering may not broker, assign, convey or transfer its interests, rights and obligations under this Agreement without the prior written consent of the other party, which shall not be unreasonably withheld. Either Shipper or MichCon Gathering 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 succeeds by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper or of MichCon Gathering, as the case may be, will be entitled to the rights and will be subject to the obligations of its predecessor in title under this Agreement.

19.3 Successors and Assigns: This Agreement will be binding upon and enure to the benefit of the parties 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 Entirety: This Agreement and Exhibits A, B, and C constitute the entire agreement between MichCon Gathering 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 as of the day and year first above written.

MICHCON GATHERING COMPANY

By: Dennis A. Lambert
Title: Director

SAVOY ENERGY, L.P. by Savoy Exploration, Inc.,
Its General Partner
By: Thomas C. Pangborn
Title CEO

EXHIBIT A
RECEIPT POINTS

<u>Receipt Point</u> <u>Name</u>	<u>Meter</u> <u>Number</u>	<u>Allocation</u> <u>Name</u>	<u>Allocation</u> <u>Number</u>	<u>MDQ</u> <u>(Mcf)</u>
East Caledonia 8	88034	Beck 1-7A	88320	2,000
~~W. Albert 16~~ HEAT	80214	Champine 1-21	81489	1,600
		Hubbel 1-22B	81490	1,600
		Rood 2-22	81513	1,600

EXHIBIT B
DELIVERY POINTS

<u>Facility Name</u>	<u>Location</u>	<u>Pressure (psig)</u>	<u>MDQ</u>
MichCon 30" T&D Line	Outlet Kalkaska Gas Plant	950	360
Consumers Power 12" T&D Line	Goose Creek	960	190
ANR 24" Transmission Line	S. Chester Treating Plant	1,040	75
ANR 36" Storage Line (Kalkaska - ANR)	Outlet Kalkaska Gas Plant	950	150
Great Lakes 36" Transmission Line or alternate points per ANR guarantee	Goose Creek	950	50

EXHIBIT C

ANTRIM GAS TRANSPORTATION AGREEMENT

- I. Service Requests
- II. Nominations, Scheduling and Allocations
- III. Paper Pooling
- IV. Imbalances
- V. Measurement
- VI. Quality Specifications
- VII. Diversion of Gas

I. SERVICE REQUESTS

- A. Transportation Service provided pursuant to this Agreement will be offered on a firm basis until 100% of the capacity of the AEP is subscribed. Thereafter, service will be offered on an interruptible basis. MichCon Gathering may provide service on an interruptible basis only to the extent capacity exceeds its firm commitments.
- B. If more capacity is requested than is available, then all requests will be filled by prorating the total system capacity among shippers with dedicated reserves received by MichCon Gathering before September 30, 1995. System capacity reallocations will be made at the end of each calendar quarter for the term of this Agreement.
- C. One year after the effective date of this Agreement, if for any consecutive twelve month period, Shipper transports an amount of Gas on a daily basis that averages less

than 90% of Shipper's total MDQ, then MichCon Gathering may adjust such MDQ downward to equal Shipper's daily average of transported quantities for such prior twelve Month period, unless Shipper provides MichCon Gathering with reasonable assurances that the average amount of gas that Shipper will make available for transportation within the next twelve Months shall equal or exceed Shipper's MDQ. If a Force Majeure event occurred during any of the prior twelve Months, or if Shipper's MDQ was reduced during any of the prior twelve Months due to MichCon Gathering's lack of capacity on the AEP, then such Month(s) shall be excluded and the next prior Month(s) used in its stead. Furthermore, if Shipper's transported quantities of Gas on a daily basis for a three Month period exceed Shipper's total MDQ, then Shipper may request an increase of its MDQ, and MichCon Gathering will, at the end of the calendar quarter, grant Shipper's request on pro rata basis with all other shippers' requests for MDQ increases subject to capacity restraints on the AEP.

II. NOMINATIONS, SCHEDULING and ALLOCATIONS

A. Nominations must be made via MichCon's Electronic Bulletin Board, ConQuest.

Shipper shall include for each nomination the daily quantities of Gas that it desires MichCon Gathering to transport during each Month from each Receipt Point and the daily quantities that Shipper desires MichCon Gathering 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 Gathering must make adjustments pursuant to allocations below. The sum of the quantities nominated at all Receipt Points hereunder

may 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.
- C. Nomination Changes after the beginning of the Month. Shipper shall give MichCon Gathering at least twenty-four (24) hours notice prior to any proposed change of a daily nomination to be effective for the next Day. MichCon Gathering shall waive such notice upon request if, in its view, the AEP operating conditions permit such waiver. Shipper will be allowed to change the order of priority of receipts and deliveries by providing twenty-four (24) hour notice.
- D. Shipper's nominations are not effective until confirmed either in writing or via ConQuest. Nominations will be confirmed or rejected within 24 hours of receipt. Nominations will not be rejected without cause.
- E. Shipper's Agent. Shipper may designate in writing an agent to nominate and schedule Gas Transportation Service on Shipper's behalf. Such designation must be in writing. An agent may provide nomination(s) for multiple Shippers. Shipper shall indemnify and save MichCon Gathering 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.
- F. Hourly Variation. Shipper shall maintain uniform hourly rates at all Receipt Points hereunder to the extent practicable.

- G. Delivery of Gas. MichCon Gathering shall make daily delivery of Equivalent Quantities of gas, at each Delivery Point that Shipper nominates, provided, however, that Shipper may not take delivery of gas for quantities it has not nominated and delivered to MichCon Gathering at Receipt Point(s).
- H. Scheduling and Allocation of Capacity. There are four service levels: Firm Service, Authorized Overrun Gas ("AGO"), Unauthorized Overrun Gas ("UOG"), and Interruptible Service. For each Day, MichCon Gathering will schedule receipts and deliveries of gas on the basis of Shippers' confirmed nominations pursuant to the following:
- i. If the AEP is not at full capacity due to the transportation of shippers' firm MDQ, then excess capacity will exist such that MichCon Gathering is able to receive (a) AOG nominations in excess of a Shipper's MDQ, or (b) Interruptible Service nominations;
 - ii. UOG shall occur when a Shipper exceeds its MDQ and fails to comply with the criteria set forth in Section 5.1.5 of the Agreement;
 - iii. Firm Service, AOG, or Interruptible Service will 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 Gathering may allocate Receipt Point capacity, if required, pro rata by confirmed nominations up to the Firm MDQ at each Receipt Point;
- v. MichCon Gathering may allocate AEP capacity, if required, pro rata by confirmed nominations up to the Firm MDQ;
- vi. MichCon Gathering 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 will be based on each Shipper's instructions to MichCon Gathering;
- vii. In the event that Shipper is transporting UOG and MichCon Gathering determines that it will curtail such UOG, then MichCon Gathering 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 Gathering will forward to Shipper a report, either written or via ConQuest detailing Shipper's quantities in Mcf's and MMBtu's.
- ii. Allocation of Deliveries.

All deliveries will be allocated throughout the Month based on confirmed nominations at each Delivery Point. Delivery Point quantities allocated among Shippers will 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 will be made throughout the Month pro rata, based on Shipper's confirmed nominations for each such Receipt Point. Receipt Point quantities will be reconciled at the end of each calendar Month.

iv. Electronic Information

MichCon Gathering will 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 Gathering will assume that receipts and/or deliveries are equal to nominations, provided, however, that MichCon Gathering 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 will not cause a penalty upon Shipper hereunder.

III. PAPER POOLING

- A. Once MichCon Gathering has allocated gas pursuant to this Agreement, then any over deliveries or under deliveries by Shipper at one Receipt or Delivery Point may be offset by underdeliveries or overdeliveries by Shipper at another Receipt or Delivery Point, respectively ("Paper Pooling"). Such netting will be used by MichCon Gathering for determining any imbalance penalties under this Agreement.
- B. Paper Pooling does not relieve Shipper from its obligation to make valid nominations or its obligation for gas imbalances under the terms of this Agreement.

IV. MONTHLY IMBALANCES

- A. At the end of each Month, MichCon Gathering will provide each Shipper with a gas imbalance statement for that Month ("Imbalance Month") either via ConQuest or written copy. Shipper will be afforded the opportunity to make up the imbalance during the subsequent Month, as follows:
- i. If the imbalance resulted from an overdelivery of gas based on Receipt Point volumes less Pipeline Loss, then for the Month following the Imbalance Month, Shipper shall nominate and receive for redelivery at the Delivery Point, volumes equivalent to the amount of the overdelivery.
 - ii. If the imbalance resulted from an underdelivery of gas based on Receipt Point volumes less Pipeline Loss, then for the Month following the Imbalance Month, Shipper shall nominate and deliver to the Receipt Point, volumes equivalent to the amount of the underdelivery.
 - iii. Gas nominated pursuant to Sections IV.A.i. and IV.A.ii. ("Pay-back Gas") must be the first gas nominated for the Month following the Imbalance Month. If Pay-back Gas is not the first gas nominated, MichCon Gathering, at its discretion, may refuse nominations for Shipper's transport gas.
- B. If at the end of any Month following an Imbalance Month, Shipper's net imbalance, after paper pooling, exceeds its confirmed nomination by a tolerance of 10% or greater, then Shipper will incur an imbalance penalty of 10¢ per Mcf for the amount of the imbalance in excess of the 10% tolerance. Such penalty will apply to any gas

imbalance not resolved by the end of the Month as provided in Section IV.A. above 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 Gathering at the Receipt Points, quantities of gas in MMBtu's that are equal to those that Shipper has taken at the Delivery Point(s), plus those quantities retained by MichCon Gathering as compensation for Pipeline Loss, the term of this Agreement will be extended for a period of up to 60 Days during which time Shipper shall cause the deficient quantity to be delivered to MichCon Gathering pursuant to this Agreement at a mutually agreeable daily rate of delivery. Should Shipper fail to correct this imbalance within the 60 Day period, Shipper shall pay MichCon Gathering, 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.
- D. If upon termination of this Agreement, Shipper has delivered to MichCon Gathering at the Point(s) of Receipt, quantities of gas that are in excess of those that Shipper has taken at the Point(s) of Delivery, plus those quantities retained by MichCon Gathering as compensation for Pipeline Loss, the term of this Agreement will be extended, for a period of up to 60 Days, during which time Shipper shall receive the excess quantities from MichCon Gathering pursuant to this Agreement at a mutually agreeable daily rate of receipt. Should MichCon Gathering fail to correct this imbalance within the 60 Day period, MichCon Gathering shall pay Shipper, 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 atmosphere (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 Delivery Point 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 orifice 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 Receipt or Delivery Points.

- 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 utilizing one of the following, as mutually agreed to between MichCon Gathering and Shipper:
 - (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, if utilized, 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 Gathering, 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 Gathering. Shipper may install check measuring equipment, provided that such equipment shall be installed so as not to interfere with the operations of MichCon Gathering. Shipper, in the presence of MichCon Gathering, 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 Gathering. 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 Gathering. The records from such measuring equipment shall remain the property of MichCon Gathering, 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 thereof 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 Gathering 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 Gathering 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 Gathering 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 Gas Transportation 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 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 and MichCon Gathering. All measured variables for differential pressure, static pressure, and temperature shall be sampled at least 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 installation, the battery capacity shall be at least twenty-four (24) hours when fully charged.
- (f) Local Display: Shipper 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 Gathering 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 Gathering or an outside third party, shall be made available to Shipper personnel upon written request. MichCon Gathering shall provide Shipper 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 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 Gathering and shall not interfere with MichCon Gathering'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 the 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 Gathering, all Gas received and delivered under the terms of this Agreement must conform to the following specifications:

- (a) The Gas must 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 may not contain anything which might adversely affect the safe and efficient operation of MichCon Gathering's downstream facilities;

- (c) The water content of the Gas may not exceed 7 pounds per million cubic feet, however, every reasonable effort must be made to keep the water content at or below 5 pounds per million cubic feet;
- (d) The Gas may not contain oxygen. Shipper is responsible for insuring that its operator maintains its equipment to insure the gas is free of oxygen;
- (e) At any Receipt Point, the carbon dioxide content of the Gas may not exceed two mole percent (2%), unless Shipper can demonstrate that it has downstream processing agreements satisfactory to MichCon Gathering which provide that the carbon dioxide content of the gas will not exceed two mole percent (2%) at the outlet of the processing plant, in which case the carbon dioxide content may not exceed twenty-five mole percent (25%), provided, however, that Shipper's aggregate Receipt Point Gas hereunder may not exceed 14 mole percent;
- (f) The Gas may not contain more than 1/4 grain of hydrogen sulfide per 100 cubic feet;
- (g) The Gas may not contain more than 1/2 grain of mercaptan sulfur per 100 cubic feet;
- (h) The Gas may 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 must 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. If the Gas has been included in a

downstream Gas treating agreement, the Gas at each Receipt Point must 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 degree Fahrenheit on a dry basis; however, Shipper's aggregate Receipt Point Gas must 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 Gathering shall notify Shipper of such deficiency and thereupon may, at its option, refuse to accept deliveries pending correction. Upon demonstration acceptable to MichCon Gathering 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 Gathering shall commence or resume, as the case may be, taking delivery of Gas.
- (k) Shipper agrees to indemnify and hold MichCon Gathering harmless for any and all liability resulting from MichCon Gathering's movement of Gas received by Shipper 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 AEP is a stand-alone system for the CO₂ treating and transportation of Antrim Gas.

The AEP has no direct end user or distribution markets, but interconnects with (i)

Michigan Consolidated Gas Company, (ii) ANR Pipeline Company, (iii) Great Lakes Gas

Transmission and (iv) Consumers Power Company ("Four Pipelines"), that do have direct markets. The parties recognize that the AEP is thus not subject to diversion of gas. However, when AEP gas is delivered into each of the Four Pipelines , then such gas is subject to the diversion rules that apply to each such pipeline.

MPSC Case No. U-14754

Exhibit DOM-81

STATE OF MICHIGAN
County of Alpena
Re-Recorded
02-18-1998 14:40:19
Kathy J. Matash
REGISTER OF DEEDS

STATE OF MICHIGAN
County of Alpena
Recorded
02-04-1998 13:40:29
Kathy J. Matash
REGISTER OF DEEDS

ANTRIM EXPANSION PROJECT

DEDICATION OF RESERVES

This Agreement made this 18th day of DECEMBER, 1997, between MICHCON GATHERING COMPANY ("MichCon Gathering") and TERRA ENERGY LTD. ("TERRA")/^{1475 Terra Road, Traverse City, MI 49686}its heirs, personal representatives, successors and assigns (collectively "Producers") is the Dedication of Reserves referred to in Article II of the Antrim Gas Transportation Agreement ("ASAT") between MichCon Gathering and TERRA dated December 18, 1997. Terms, not otherwise defined in this Agreement, have the meanings given such terms in the ASAT.

In consideration for, and subject to, the mutual covenants and agreements set forth in this Agreement and the ASAT, the parties agree as follows:

1. Producers dedicate to the transportation services provided on the Antrim Expansion Project ("AEP"), all of the natural gas produced from the Devonian age Antrim shale formation which Producers own or control and is produced from the unitized acreage set forth on Attachment 1 ("Dedicated Reserves"). Producers represent that they either own valid leases covering the interests in or under, or that they have the legal right to dedicate, the real property described on Attachment 1. MichCon Gathering has no obligation to provide firm transportation on the AEP for any Antrim Gas delivered or caused to be delivered by Producers that is not

This instrument is being re-recorded to correct unit descriptions

covered by this Agreement.

2. This Agreement is effective December 18, 1997 and supercedes the dedication agreement between TERRA and Michigan Consolidated Gas Company dated September 12, 1994 and assigned to MichCon Gathering effective November 1, 1995.
3. It is the intent of the parties that the dedication of reserves provided for in this Agreement is a transfer of an interest in the real property described on Attachment 1 and, as such, binds all subsequent transferees of any interests in that real property. Accordingly, Producers agree that this document may be recorded by MichCon Gathering in the appropriate governmental office in order to place any such subsequent transferees on notice that they are bound by this Agreement. MichCon Gathering will provide Producers with a copy of the recorded instrument promptly following recordation.
4. This Agreement and the ASAT to which it refers constitute the entire agreement between MichCon Gathering and Producers concerning dedication of reserves for transportation under the ASAT on the AEP and supersede all other prior understandings, representations, promises, undertakings, agreements or inducements, whether written or oral, concerning dedication of reserves for transportation under the ASAT on the AEP. This Agreement may be modified or amended only in writing and signed by both parties.
5. This Agreement may be executed in counterpart and shall be binding upon all parties executing the same, their heirs, personal representatives, successors and assigns, whether or not executed by all parties owning an interest in the real property referenced in Attachment 1.

IN WITNESS WHEREOF, the parties have caused this Agreement
to be executed this 18th day of DECEMBER, 1997.

WITNESSES:

MICHCON GATHERING COMPANY

R.G. Lawshe
Robert G. Lawshe A/K/A R.G. Lawshe
D.M. Sherman
Dawn M. Sherman

By: William J. Wolter
Name: WILLIAM J. WOLTER (William J. Wolter)
Title: V.P.

WITNESSES:

TERRA ENERGY LTD.

Michael J. Killelea
Michael J. Killelea
Celia Annette Montgomery
Celia Annette Montgomery

By: William H. Stephens
Name: W.H. Stephens (William H. Stephens)
Title: Exec VP

MTK

ACKNOWLEDGMENTS

STATE OF MICHIGAN)
) ss
COUNTY OF WAYNE)

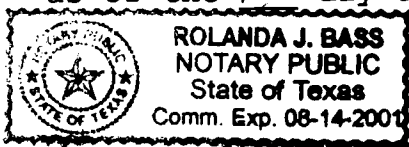
On this 18th day of December, 1997, before me, a Notary Public in and for the State and County aforesaid, personally appeared William J. Wolter, the Vice President of **MichCon Gathering Company**, a Michigan corporation, on behalf of which he executed the foregoing Agreement, and acknowledged the same to be the free act and deed of said corporation, effective as of the 18th day of December, 1997.

Sherry E. Tortomose
Notary Public
County, Michigan
My Commission Expires:

STATE OF ~~MICHIGAN~~ ^{TEXAS})
COUNTY OF ~~WASHTENAW~~ ^{HARRIS}) ss

14417 L. YORKMOUTH
 Henry Place, Belmont County, Michigan
 Acting in U.S. Army
 147 Communication Bureau November 11, 1955

On this 15th day of December, 1997, before me, a Notary Public in and for the State and County aforesaid, personally appeared William H. Stephens, III, the Executive Vice President of **TERRA ENERGY LTD.**, a Michigan corporation, on behalf of which he executed the foregoing Agreement and acknowledged the same to be the free act and deed of said corporation, effective as of the 15th day of December, 1997.



Blanka Bass
Notary Public
APRIS County, Michigan ~~Texas~~
My Commission Expires: 08-14-2011

This instrument prepared by:
Julie A. Cohen
MichCon Gathering Company
500 Griswold Street
Detroit, Michigan 48226

Return to:
Tom Dahlman
Michigan Consolidated Gas Company
500 Griswold, 24th Floor
Detroit, Michigan 48226

T-ALPENA - TERRA

Liber 00356 Page 0215

<u>Service</u>	<u>Project Name</u>	<u>Allocation Number</u>	<u>RMS Number</u>	<u>County</u>	<u>Unit Description</u>	<u>Unit Size</u>	<u>Partners</u>
ASAT	Art Carney		88004	Alpena	T30N, R5E Section 02: W 3/4 Section 03: All Section 10: N/2 & W/2 SW/4 Section 11: N/2 NW/4 T31N, R5E Section 25: W/2 SW/4 Section 26: SE/4 SE/4 Section 34: S/2 SE/4 Section 35: SW/4 SW/4; E/2 SW/4; SE/4; S/2 NE/4 & NE/4 NE/4 Section 36: SW/4 & W/2 NW/4	2400	Guardian
ASAT	Beaver Lake		88011	Alpena	T29N, R5E Section 01: All Section 02: E/2 Section 12: All Section 13: All Section 14: E/2 T29N, R6E Section 06: W/2 Section 07: W/2	3200	Chevron/Fruehauf
ASAT	Blue Herron	88306	88024	Alpena	T29N, R5E Section 02: NW/4 T30N, R5E Section 24: All Section 25: All Section 26: N/2 NE/4 & SE/4 NE/4 Section 35: E/2 & SE/4 NW/4 & SW/4 Section 36: All	2720	Chevron/Fruehauf
ASAT	Brady Bunch	88304	88023	Alpena	T30N, R6E Section 5: All Section 6: N/2 T31N, R5E Section 25: E/2 Section 36: E/2 T31N, R6E Section 31: All Section 32: W/2	2560	Chevron/Fruehauf
ASAT	Carbon Black	88309	88025	Alpena	T30N, R6E Section 19: All Section 20: All Section 29: All Section 30: All	2560	Chevron/Fruehauf
ASAT	Dubie Brothers	88311	88026	Alpena	T30N, R6E Section 23: All Section 24: All	2560	Chevron/Fruehauf

					Section 25: All		
					Section 26: All		
ASAT	Head Start	88301	88022	Alpena	T30N, R5E	1749	Chevron/ Fruehauf
					Section 08: SE/4		
					Section 09: All		
					Section 16: W/2; W/2 NE/4 & NW/4 SE/4		
					Section 17: All		
ASAT	Jack Spratt	88307	88024	Alpena	T30N, R5E	2080	Chevron/ Fruehauf
					Section 13: W/2		
					Section 14: All		
					Section 15: E/2 NE/4; NE/4 SE/4		
					Section 22: E/2; NE/4 NW/4		
					Section 23: All		
ASAT	Little Rascals	88303	88023	Alpena	T30N, R6E	2560	Chevron/ Fruehauf
					Section 06: S/2		
					Section 07: All		
					Section 08: All		
					Section 17: All		
					Section 18: W/2		
ASAT	Miller Time	88302	88022	Alpena	T30N, R5E	1560	Chevron/ Fruehauf
					Section 04: All		
					T31N, R5E		
					Section 32: SE/4 SW/4; SE/4 & E/2 NE/4		
					Section 33: All		
ASAT	Minke Coat	88010	Alpena		T29N, R6E	2920	Chevron/ Fruehauf
					Section 01: All Except w/2 sw/4		
					Section 02: E/2 & E/2 SW/4		
					Section 11: N/2 NW/4 & NW/4 NE/4		
					Section 12: E/2 & E/2 NW/4 & SW/4		
					T30N, R6E		
					Section 35: All		
					Section 36: All		
ASAT	Mother Hubbard	88008	Alpena		T31N, R5E	1944	EAC
					Section 30: All		
					Section 31: All		
ASAT	Rohmann Empire	88310	88025	Alpena	T29N, R6E	2240	Chevron/ Fruehauf
					Section 05: W/2		
					Section 06: E/2		
					Section 07: E/2		
					Section 08: W/2		
					T30N, R6E		
					Section 31: All		
					Section 32: W/2		
ASAT	Slam Duncan	88002	Alpena		T30N, R5E	2344	Guardian
					Section 01: All		
					Section 02: E/2 SE/4		
					Section 11: NE/4 NE/4; S/2 NE/4; SE/4; E/2 SW/4 & SW/4 SW/4		
					Section 12: All		

					Section 13: E/2		
					<u>T30N, R6E</u>		
					Section 18: W/2		
ASAT	Uncle Emil's Landing	88001	Alpena		<u>T30N, R5E</u>	2324	Chevron/Fruehauf
					Section 05: All		
					Section 06: All		
					Section 07: N/2 & SE/4		
					Section 08: N/2 & SW/4		
					Section 18: NE/4		
ASAT	Edgewood East	88003	Alpena		<u>T30N-R5E</u>		Rock
					Section 26: W/2, SE/4 and SW/4 NE/4		
					Section 27: E/2 E/2 except NE/4 SE/4		
					Section 34: NE/4 and N/2 SE/4		
					Section 35: N/2 NW/4 and SW/4 NW/4		
ASAT	Edgewood West	88007	Alpena		<u>T30N-R5E</u>		Rock
					Section 3: E/2 NE/4		
					Section 27: W/2 and W/2 E/2		
					Section 28: S/2 NE/4 and SE/4		
					Section 34: W/2 and S/2 SE/4		

STATE OF MICHIGAN
MONTMORENCY COUNTY
Recorded & Filed

02-04-1998 14:50:51

ANTRIM EXPANSION PROJECT

A. PANGAN-MCELROY
REGISTER OF DEEDS

DEDICATION OF RESERVES

This Agreement made this 18th day of DECEMBER, 1997, between MICHCON GATHERING COMPANY ("MichCon Gathering") and TERRA ENERGY LTD. ("TERRA") its heirs, personal representatives, successors and assigns (collectively "Producers") is the Dedication of Reserves referred to in Article II of the Antrim Gas Transportation Agreement ("ASAT") between MichCon Gathering and TERRA dated December 18, 1997. Terms, not otherwise defined in this Agreement, have the meanings given such terms in the ASAT.

In consideration for, and subject to, the mutual covenants and agreements set forth in this Agreement and the ASAT, the parties agree as follows:

1. Producers dedicate to the transportation services provided on the Antrim Expansion Project ("AEP"), all of the natural gas produced from the Devonian age Antrim shale formation which Producers own or control and is produced from the unitized acreage set forth on Attachment 1 ("Dedicated Reserves"). Producers represent that they either own valid leases covering the interests in or under, or that they have the legal right to dedicate, the real property described on Attachment 1. MichCon Gathering has no obligation to provide firm transportation on the AEP for any Antrim Gas delivered or caused to be delivered by Producers that is not covered by this Agreement.

This document is being re-recorded to include the Mother Hubbard Project within Attachment 1

2. This Agreement is effective December 18, 1997 and supercedes the dedication agreement between TERRA and Michigan Consolidated Gas Company dated September 12, 1994 and assigned to MichCon Gathering effective November 1, 1995. This Agreement also supercedes and replaces the affidavit of Carl J. Croskey, recorded July 25, 1996, at Liber 00381, Page 0480.
3. It is the intent of the parties that the dedication of reserves provided for in this Agreement is a transfer of an interest in the real property described on Attachment 1 and, as such, binds all subsequent transferees of any interests in that real property. Accordingly, Producers agree that this document may be recorded by MichCon Gathering in the appropriate governmental office in order to place any such subsequent transferees on notice that they are bound by this Agreement. MichCon Gathering will provide Producers with a copy of the recorded instrument promptly following recordation.
4. This Agreement and the ASAT to which it refers constitute the entire agreement between MichCon Gathering and Producers concerning dedication of reserves for transportation under the ASAT on the AEP and supersede all other prior understandings, representations, promises, undertakings, agreements or inducements, whether written or oral, concerning dedication of reserves for transportation under the ASAT on the AEP. This Agreement may be modified or amended only in writing and signed by both parties.
5. This Agreement may be executed in counterpart and shall be binding upon all parties executing the same, their heirs, personal representatives, successors and assigns, whether or not executed by all parties owning an interest in the real property referenced in Attachment 1.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this 18th day of DECEMBER, 1997.

WITNESSES:

MICHCON GATHERING COMPANY

R. G. Lawshe
Robert G. Lawshe *R. G. Lawshe*
D. M. Sherman
Dawn M. Sherman

By: William J. Wolter
Name: William J. Wolter (William J. Wolter)
Title: V.P.

WITNESSES:

TERRA ENERGY LTD.

M. J. Killelea
Michael J. Killelea
Celia Annette Montgomery
Celia Annette Montgomery

By: W. H. Stephens
Name: W. H. Stephens (William H. Stephens)
Title: Exec. V.P.

WJK

ACKNOWLEDGMENTS

STATE OF MICHIGAN)
) ss
COUNTY OF WAYNE)

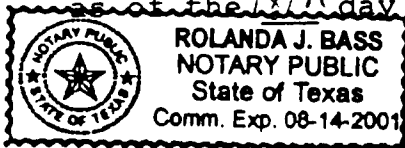
On this 18th day of December, 1997, before me, a Notary Public in and for the State and County aforesaid, personally appeared William J. Wolter, the Vice President of MichCon Gathering Company, a Michigan corporation, on behalf of which he executed the foregoing Agreement, and acknowledged the same to be the free act and deed of said corporation, effective as of the 18th day of December, 1997.

Mary E. Tortomose
Notary Public
County, Michigan
My Commission Expires: _____

TEXAS
STATE OF ~~MICHIGAN~~)
) ss
COUNTY OF HARRIS)

[Faint, illegible text]

On this 18th day of December, 1997, before me, a Notary Public in and for the State and County aforesaid, personally appeared William H. Stephens, III, the Executive Vice President of TERRA ENERGY LTD., a _____ corporation, on behalf of which he executed the foregoing Agreement and acknowledged the same to be the free act and deed of said corporation, effective as of the 18th day of December, 1997.



Rolanda J. Bass
Notary Public
HARRIS County, Michigan TEXAS
My Commission Expires: 08-14-2001

This instrument prepared by:
Julie A. Cohen
MichCon Gathering Company
500 Griswold Street
Detroit, Michigan 48226

Return to:
Tom Dahlman
Michigan Consolidated Gas Company
500 Griswold, 24th Floor
Detroit, Michigan 48226

T-MONT - TERRA

00407 0011

Service	Project Name	Allocation Number	RMS Number	County	Unit Description	Unit Size	Partners
ASAT	Black Antim		80194	Montmorency	T31N, R1E Section 29 All Section 30 All Section 31 All	2672.11	
ASAT	Mother Hubbard	81412	80182	Montmorency	T31N, R4E Section 24: SE/4 & E/2 SW/4 Section 25: N/2 & E/2 SE/4	1944	EAC
ASAT	Scenic		80201	Montmorency	T30N, R2E Section 17: NE/4: W/2 SE/4, S/2 SW/4 & NW/4 SW/4 Section 19: All Section 20: NW/4: N/2 SW/4 & NW/4 NE/4 Section 30: NW/4: N/2 NE/4; SW/4 NE/4; W/2 SW/4, NE/4 SW/4 & NW/4 SE/4 T30N, R1E Section 25: NE/4 NE/4	1621.17	EAC
ASAT	Vienna 1		80197	Montmorency	T31N, R1E Section 03: SW/4 Section 04: SE/4 & SW/4 NE/4 Section 05: SE/4 Section 08: NE/4 & S/2 Section 09: All Section 10: W/2 Section 15: W/2: W/2 SE/4 & NW/4 NE/4	2400	Guardian
ASAT	Vienna 2		80192	Montmorency	T31N, R1E Section 16: All Section 17: E/2 & SW/4 Section 18: W/2 SW/4 & SE/4 SW/4 Section 19: NW/4 NW/4, E/2 NW/4, SW/4 NE/4, E/2 NE/4, NW/4 NE/4, SE/4 E/2 SW/4 & SW/4 SW/4 Section 20: All Section 21: All	3053.71	Guardian
ASAT	Vienna 3		80193	Montmorency	T31N, R1E Section 28: SW/4 Section 32: All Section 33: All Section 34: NW/4 NW/4: S/2 NW/4 & SW/4	1720	
ASAT	Vienna 4		80195	Montmorency	T30N, R1E Section 03: N FRL/2 NW/4 Section 04: All Section 05: All Section 06: N/2, E/2 NW/4 SE/4, E/2 W/2 NE/4 SE/4	1465.2	Destec
ASAT	Vienna 14		80200	Montmorency	T30N, R1E Section 13: All Section 14: All Section 15: All	1911.96	EAC
ASAT	Vienna 23		80198	Montmorency	T30N, R1E Section 23: All Section 24: All Section 25: NW/4 NW/4 & SW/4 SW/4 Section 26: E/2 NW/4 & E/2 Section 36: N/2 NW/4	1836.838	EAC
ASAT	Vienna 27		80199	Montmorency	T30N, R1E Section 26: W/2 NW/4, N/2 SW/4 & SE/4 SW/4 Section 27: N/2 & NE/4 SE/4 Section 28: N/2 & SE/4	1120	EAC
ASAT	Voyer Lake		80179	Montmorency	T31N, R3E Section 29: All Section 30: All Section 31: E/2 Section 32: All T30N, R3E Section 04: N/2	2527.26	Guardian
ASAT	Pair O' Dice (Vienna S 36)		80202	Montmorency	T30N, R1E Section 25: All Except NE/4 NE/4, NW/4 NW/4, SW/4 SW/4 Section 26: SW/4 SW/4 Section 35: N/2 NW/4 E/2 Section 36: All Except N/2 NW/4 T29N, R1E Section 01: NE/4, N/2 NW/4 Section 02: N/2 NE/4	1821.3	Guardian

AFFIDAVIT

Carl J. Croskey, being duly sworn, deposes and says:

1. That TERRA ENERGY LTD. ("Producer") owns or controls the Antrim gas reserves within the lands described on Exhibit A, located in Montmorency County, Michigan.
2. That Carl J. Croskey is president of MICHCON GATHERING COMPANY ("MichCon Gathering") which owns and operates the Antrim Expansion Project a gathering system in Alcona, Alpena, Antrim, Crawford, Montmorency, Oscoda Otsego and Kalkaska counties, Michigan used for the transportation of Antrim gas (the "AEP").
3. That producers and shippers of Antrim gas were invited to enter into transportation and CO₂ treating agreements on the AEP and to dedicate Antrim gas reserves to the project.
4. That Producer and Michigan Consolidated Gas Company entered into a Dedication of Antrim Reserves Agreement ("Dedication Agreement") dated September 12, 1994, pursuant to which Producer dedicated those Antrim natural gas reserves, owned or controlled by it, within the lands described on Exhibit A hereto, to transportation and treating services provided by MichCon Gathering on the AEP. The Dedication Agreement was assigned from Michigan Consolidated Gas Company to MichCon Gathering effective November 1, 1995.

STATE OF MICHIGAN
MONTMORENCY COUNTY
Recorded & Filed

07-25-1996 13:28:46

A. PANGAN-MCELROY
REGISTER OF DEEDS

5. That the intent of the Dedication Agreement was that the dedication of Antrim gas reserves identified on Exhibit A was a grant of an interest in real property and, as such, the dedication of those reserves extends to and is binding upon the successors and assigns of Producer .

MICHCON GATHERING COMPANY

WITNESS EDWARD J. ROWLING
WITNESS LORI LEBLANC


Carl J. Croskey
President

STATE OF MICHIGAN)
COUNTY OF WAYNE)ss

On this 16th day of July, 1996, before me personally appeared Carl J. Croskey who, being first duly sworn, said that he is the President of MichCon Gathering Company, a Michigan corporation, and that he was duly authorized to and did execute the foregoing Affidavit on behalf of MichCon Gathering Company.

Thomas M. DeBruin
Notary Public Thomas M. DeBruin
Macomb County, Michigan
Acting in Wayne County
My Commission Expires: 10-25-9

This instrument was prepared by:

Julie A. Cohen
MichCon Gathering Company
500 Griswold Street, GB-9
Detroit, MI 48226-3700

✓ Return to:
Tom Dahlman
Michigan Consolidated Gas Company
500 Griswold, 24th Floor
Detroit, Michigan 48226

EXHIBIT A

Terra Energy Ltd.

Dedication of Antrim Reserves to MichCon Gathering Company

<u>County Name</u>	<u>Township Name</u>	<u>T</u>	<u>R</u>	<u>Section</u>	<u>Antrim Project Name</u>	<u>Meter #</u>
Otsego	Charlton	30N	1W	4, 5, 6	Mid Charlton I	44736
		31N	1W	31		
		31N	2W	36		
Otsego	Charlton	30N	1W	2, 3, 4, 10	Mid Charlton II	44741
		31N	1W	27, 28, 29, 33		
Otsego	Charlton	30N	1W	5, 6	Mid Charlton 1 South	44736
Otsego	Dover	31N	2W	28, 29, 30, 31, 32	Dover West	44746
		31N	3W	25, 36		
Montmorency	Vienna	31N	1E	29, 30, 31	Black Antrim ✓	44749
		31N	1W	36		
		30N	1W	1		
Montmorency	Vienna	31N	1E	28, 32, 33, 34	Vienna 3 ✓	44749
Montmorency	Vienna	31N	1E	16, 17, 18 19, 20, 21	Vienna 2 ✓	44749
Otsego	Charlton	30N	1W	8, 9, 18	Schroeder	44635
Otsego	Charlton	31N	1W	22, 23	Sawdust	44751
Montmorency	Vienna	30N	1E	3, 4, 5, 6	Knight Vienna 4 ✓	44749
Oscoda	Elmer	28N	2E	3, 4, 5, 6, 7, 8, 9	Elmer Fudd 1	44758
Otsego	Bagley	30N	3W	11	Bagley 11D	44685
Otsego	Dover	31N	2W	3, 4, 5, 8, 9,	Corwith	44747
		32N	2W	33, 34		
Otsego	Bagley	30N	3W	15	Bagley 15	48062
Montmorency	Albert	29N	2E	5, 6, 7, 8, 9	Albert 1 ✓	44760
		30N	2E	31, 32, 33, 29		
		29N	1E	1		
Montmorency	Avery	30N	3E	20, 28, 29, 33	Connie Stevens East ✓	44767
Montmorency	Avery	30N	3E	29, 30, 32	Connie Stevens West ✓	44767
Montmorency	Loud	29N	3E	6, 7, 18	Loudbert	44767
		29N	2E	1		

**Exhibit A (cont)
Terra Energy Ltd.**

Liber 00381 Page 0487

Liber 00407 Page 0015

Liber 00406 Page 0195

<u>County Name</u>	<u>Township Name</u>	<u>T</u>	<u>R</u>	<u>Section</u>	<u>Antrim Project Name</u>	<u>Meter #</u>
Oscoda	Clinton	28N	4E	20, 28, 29 30, 31	Perch Lake	
		28N	3E	24		
Montmorency	Vienna	31N	1E	3, 4, 5, 8, 9 10, 15	Vienna 1	44749
Otsego	Charlton	30N	1W	7, 8	Charlton 7	44736
Oscoda	Elmer	28N	2E	1, 12	Elmer Fudd East	44758
		28N	3E	7, 8, 9, 17		
Montmorency	Hillman	31N	3E	26, 35, 36	Happy Hillman	44767
		30N	3E	1, 2, 12		
		30N	4E	6		
Montmorency	Vienna	30N	1E	23, 24, 26, 36	Vienna 23	44749
Montmorency	Vienna	30N	1E	26, 27, 28, 33	Vienna 27	44749
Montmorency	Vienna	30N	1E	13, 14, 15	Vienna 14	44749
Otsego	Charlton	31N	1W	17, 20, 21	Colonel Saunders	44736
Montmorency	Briley	30N	2E	17, 19, 20, 30	Scenic	44749
		30N	1E	25		
Montmorency	Hillman	31N	3E	24, 25, 36	Pleasant Valley	44767
Oscoda	Elmer	28N	2E	10, 11, 12, 13 14, 23	Elmers Glewoll	44758
Montmorency	Avery	30N	3E	25, 26, 27, 34, 35	Wild Card	
Otsego	Bagley	30N	3W	12, 13, 14, 24	Bagley 400	44685
Otsego	Bagley	30N	3W	1, 12	Bagley 700	44685
		30N	2W	6		
Otsego	Charlton	29N	1W	4, 5, 6, 7, 8	Charlton West	
		29N	2W	12		
		30N	1W	32, 33		
Otsego	Bagley	30N	3W	22	Stevens/Bagley 22	48062
Otsego	Charlton	29N	1W	3, 10	Charlton East	
		30N	1W	34, 33		

Exhibit A (cont)
Terra Energy Ltd

<u>County Name</u>	<u>Township Name</u>	<u>I</u>	<u>R</u>	<u>Section</u>	<u>Antrim Project Name</u>	<u>Meter #</u>
Otsego	Chester	30N	2W	7	Chester 7-11	44685
Otsego	Bagley	30N	3W	14	Bagley 14	48062
Montmorency	Rust	29N	4E	5, 6, 8, 16, 17	North Rust Never Sleeps	44768
Montmorency	Hillman	31N	4E	17, 18, 19, 20	Hillman C	
Otsego	Chester	30N	2W	31	Chester 31	44734
Montmorency	Rust	29N	4E	19, 20, 28 29, 30, 31 32, 33	South Rust Never Sleeps	44768
Montmorency	Rust	29N 30N	4E 4E	4, 9 33	Cattle	44768
Montmorency	Rust	30N	4E	28, 29, 32, 33	451 Rum	44768
Montmorency	Rust	29N 30N	4E 4E	2, 3 25, 26, 27 34, 35	The Fletch	44767
Montmorency	Rust	30N	4E	16, 17, 20, 21	Double Axle	44767
Montmorency	Rust	30N	4E	13, 14, 15 22, 23, 24	Iron Oxide	44767
Montmorency	Rust	30N	4E	4, 9, 10, 15, 22	Rust Road	44788
Montmorency	Rust	30N	4E	2, 3, 10 11, 12	Ziebart	44767
Montmorency	Rust	31N	4E	26, 27, 33, 34, 35	Xrea	44767
Montmorency	Rust	30N 31N	4E 4E	1, 12 25, 36	Hillman D	
Montmorency	Rust	30N 30N	4E 3E	30, 31, 32 25	Unknown	

EXHIBIT "A"

**Terra-Hayes Reserves
Dedication of Antrim Reserves to MichCon Gathering Company (AEP)
Terra Energy Ltd.**

<u>County Name</u>	<u>Township Name</u>	<u>T</u>	<u>R</u>	<u>Section</u>	<u>Antrim Project Name</u>
Antrim	Star	30N	5W	1, 2, 3, 10, 11, 12	Bart Star
		31N	5W	36	
Otsego	Elmira	31N	4W	17, 18 19, 20, 21 28, 30, 31	Elvira 11
Otsego	Elmira	31N	4W	5, 8	Elmira Thrive West
		32N	4W	32	
Otsego	Elmira	31N	4W	4, 9, 10, 15, 16	Elmira Thrive East
Otsego	Elmira	31N	4W	6, 7	Peggy Fleming
Otsego	Hayes	30N	4W	6, 7	Nadv 1
Otsego	Hayes	30N	4W	8, 16, 17	Nadv 2
Otsego	Hayes	30N	4W	17, 18	Nadv 3
Antrim	Star	30N	5W	13, 14, 23 24	Nadv 4
Otsego	Elmira	31N	4W	35, 36	Lucky 16
Otsego	Elmira	31N	4W	29, 30 31, 32	Nadv 7
Otsego	Hayes	30N	4W	21, 22, 27 28, 29	Skeba Caple
Otsego	Hayes	30N	4W	19, 20, 30	South Caple

STATE OF MICHIGAN
MONTMORENCY COUNTY
Recorded & Filed

03-05-1998 13:15:59

A. PANGAN-MCELROY
REGISTER OF DEEDS

OTSEGO COUNTY
MICHIGAN
RECEIVED FOR RECORD

98 FEB -6 AM 9:32

EVELYN M. PRATT
CLERK / REGISTER OF DEEDS**ANTRIM EXPANSION PROJECT****DEDICATION OF RESERVES**

This Agreement made this 18th day of DECEMBER, 1997, between MICHCON GATHERING COMPANY ("MichCon Gathering") and TERRA ENERGY LTD. ("TERRA") its heirs, personal representatives, successors and assigns (collectively "Producers") is the Dedication of Reserves referred to in Article II of the Antrim Gas Transportation Agreement ("ASAT") between MichCon Gathering and TERRA dated December 18, 1997. Terms, not otherwise defined in this Agreement, have the meanings given such terms in the ASAT.

In consideration for, and subject to, the mutual covenants and agreements set forth in this Agreement and the ASAT, the parties agree as follows:

1. Producers dedicate to the transportation services provided on the Antrim Expansion Project ("AEP"), all of the natural gas produced from the Devonian age Antrim shale formation which Producers own or control and is produced from the unitized acreage set forth on Attachment 1 ("Dedicated Reserves"). Producers represent that they either own valid leases covering the interests in or under, or that they have the legal right to dedicate, the real property described on Attachment 1. MichCon Gathering has no obligation to provide firm transportation on the AEP for any Antrim Gas delivered or caused to be delivered by Producers that is not covered by this Agreement.

2405

2. This Agreement is effective December 18, 1997 and supercedes the dedication agreement between TERRA and Michigan Consolidated Gas Company dated September 12, 1994 and assigned to MichCon Gathering effective November 1, 1995. This Agreement also supercedes and replaces the affidavit of Carl J. Croskey, recorded July 25, 1996, at Liber 0616, Page 391.
3. It is the intent of the parties that the dedication of reserves provided for in this Agreement is a transfer of an interest in the real property described on Attachment 1 and, as such, binds all subsequent transferees of any interests in that real property. Accordingly, Producers agree that this document may be recorded by MichCon Gathering in the appropriate governmental office in order to place any such subsequent transferees on notice that they are bound by this Agreement. MichCon Gathering will provide Producers with a copy of the recorded instrument promptly following recordation.
4. This Agreement and the ASAT to which it refers constitute the entire agreement between MichCon Gathering and Producers concerning dedication of reserves for transportation under the ASAT on the AEP and supersede all other prior understandings, representations, promises, undertakings, agreements or inducements, whether written or oral, concerning dedication of reserves for transportation under the ASAT on the AEP. This Agreement may be modified or amended only in writing and signed by both parties.
5. This Agreement may be executed in counterpart and shall be binding upon all parties executing the same, their heirs, personal representatives, successors and assigns, whether or not executed by all parties owning an interest in the real property referenced in Attachment 1.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this 18th day of DECEMBER, 1997.

WITNESSES:

R.G. Lawshe
Robert J. Lawshe AKA R.G. Lawshe
D.M. Sherman
Dawn M. Sherman

MICHCON GATHERING COMPANY

By: William J. Wolter
Name: WILLIAM J. WOLTER (William J. Wolter)
Title: V.P.

WITNESSES:

Michael J. Killelea
Michael J. Killelea
Celia A. Montgomery
Celia A. Montgomery

TERRA ENERGY LTD.

By: W.H. Stephens
Name: W.H. Stephens (William H. Stephens)
Title: Exec V.P.

WJK

ACKNOWLEDGMENTS

STATE OF MICHIGAN)
) ss
COUNTY OF WAYNE)

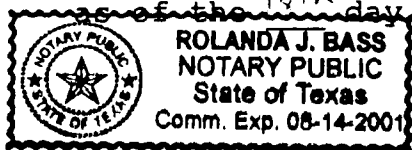
On this 18th day of December, 1997, before me, a Notary Public in and for the State and County aforesaid, personally appeared William J. Wolter, the Vice President of **MichCon Gathering Company**, a Michigan corporation, on behalf of which he executed the foregoing Agreement, and acknowledged the same to be the free act and deed of said corporation, effective as of the 18th day of December, 1997.

Mary E. Tortomose
Notary Public _____ County, Michigan
My Commission Expires: _____

MARY E. TORTOMOSE
Notary Public, Macomb County, Michigan
Acting in Weymouth County
My Commission Expires November 6, 2006

STATE OF ~~MICHIGAN~~ ^{TEXAS})
COUNTY OF ~~WASHTENAW~~ ^{HARRIS}) ss

On this 15th day of December, 1997, before me, a Notary Public in and for the State and County aforesaid, personally appeared William H. Stephens, III, the Executive Vice President of **TERRA ENERGY LTD.**, a Michigan corporation, on behalf of which he executed the foregoing Agreement and acknowledged the same to be the free act and deed of said corporation, effective ~~as of the 14th day of~~ December, 1997.



Kelonda J. Bass
Notary Public
HARRIS County, ~~Michigan~~ TEXAS
My Commission Expires: 08-14-2011

This instrument prepared by:
Julie A. Cohen
MichCon Gathering Company
500 Griswold Street
Detroit, Michigan 48226

Return to:
Tom Dahlman
Michigan Consolidated Gas Company
500 Griswold, 24th Floor
Detroit, Michigan 48226

T-OTSEGO

Attachment 1

<u>Service</u>	<u>Project Name</u>	<u>Allocation Number</u>	<u>RMS Number</u>	<u>County</u>	<u>Unit Description</u>	<u>Unit Size</u>	<u>Partners</u>
ASAT	Black Antrim		80194	Otsego	T30N, R1W	2672.11	Unknown
					Section 01: NW/4 NE/4 & W/2 SW/4		
					T31N, R1W		
					Section 26: NW/4; NW/4 NE/4 & SE/4		
					Section 36: NW/4 NW/4; S/2 NE/4 & SE/4		

RECEIVED
NOTARY PUBLIC
JUL 25 1996

96 JUL 25 RH 11:46

CLERK/REGISTER OF DEEDS

AFFIDAVIT

Carl J. Croskey, being duly sworn, deposes and says:

1. That TERRA ENERGY LTD. ("Producer") owns or controls the Antrim gas reserves within the lands described on Exhibit A, located in Otsego County, Michigan.
2. That Carl J. Croskey is president of MICHCON GATHERING COMPANY ("MichCon Gathering") which owns and operates the Antrim Expansion Project a gathering system in Alcona, Alpena, Antrim, Crawford, Montmorency, Oscoda Otsego and Kalkaska counties, Michigan used for the transportation of Antrim gas (the "AEP").
3. That producers and shippers of Antrim gas were invited to enter into transportation and CO₂ treating agreements on the AEP and to dedicate Antrim gas reserves to the project.
4. That Producer and Michigan Consolidated Gas Company entered into a Dedication of Antrim Reserves Agreement ("Dedication Agreement") dated September 12, 1994, pursuant to which Producer dedicated those Antrim natural gas reserves, owned or controlled by it, within the lands described on Exhibit A hereto, to transportation and treating services provided by MichCon Gathering on the AEP. The Dedication Agreement was assigned from Michigan Consolidated Gas Company to MichCon Gathering effective November 1, 1995.

5. That the intent of the Dedication Agreement was that the dedication of Antrim gas reserves identified on Exhibit A was a grant of an interest in real property and, as such, the dedication of those reserves extends to and is binding upon the successors and assigns of Producer .

Edward Rowling
WITNESS EDWARD ROWLING
Lori LeBlanc
WITNESS LORI LEBLANC

MICHCON GATHERING COMPANY

Carl J. Croskey
Carl J. Croskey
President

STATE OF MICHIGAN)

)ss

COUNTY OF WAYNE)

On this 16th day of Feb, 1996, before me personally appeared Carl J. Croskey who, being first duly sworn, said that he is the President of MichCon Gathering Company, a Michigan corporation, and that he was duly authorized to and did execute the foregoing Affidavit on behalf of MichCon Gathering Company.

Thomas M. Dahlman
Notary Public Thomas M. Dahlman
Macomb County, Michigan
Acting in Wayne County
My Commission Expires: 10-25-99

This instrument was prepared by:

Julie A. Cohen
MichCon Gathering Company
500 Griswold Street, GB-9
Detroit, MI 48226-3700

Tom Dahlman
Michigan Consolidated Gas Company
500 Griswold, 24th Floor
Detroit, Michigan 48226

EXHIBIT A

Terra Energy Ltd.
Dedication of Antrim Reserves to MichCon Gathering Company

<u>County Name</u>	<u>Township Name</u>	<u>T</u>	<u>R</u>	<u>Section</u>	<u>Antrim Project Name</u>	<u>Meter #</u>
Otsego	Charlton	30N	1W	4, 5, 6	Mid Charlton I	44736
		31N	1W	31		
		31N	2W	36		
Otsego	Charlton	30N	1W	2, 3, 4, 10	Mid Charlton II	44741
		31N	1W	27, 28, 29, 33		
Otsego	Charlton	30N	1W	5, 6	Mid Charlton 1 South	44736
Otsego	Dover	31N	2W	28, 29, 30, 31, 32	Dover West	44746
		31N	3W	25, 36		
Montmorency	Vienna	31N	1E	29, 30, 31	Black Antrim	44749
		31N	1W	36		
		30N	1W	1		
Montmorency	Vienna	31N	1E	28, 32, 33, 34	Vienna 3	44749
Montmorency	Vienna	31N	1E	16, 17, 18 19, 20, 21	Vienna 2	44749
Otsego	Charlton	30N	1W	8, 9, 18	Schroeder	44635
Otsego	Charlton	31N	1W	22, 23	Sawdust	44751
Montmorency	Vienna	30N	1E	3, 4, 5, 6	Knight Vienna 4	44749
Oscoda	Elmer	28N	2E	3, 4, 5, 6, 7, 8, 9	Elmer Fudd 1	44758
Otsego	Bagley	30N	3W	11	Bagley 11D	44685
Otsego	Dover	31N	2W	3, 4, 5, 8, 9,	Corwith	44747
		32N	2W	33, 34		
Otsego	Bagley	30N	3W	15	Bagley 15	48062
Montmorency	Albert	29N	2E	5, 6, 7, 8, 9	Albert 1	44760
		30N	2E	31, 32, 33, 29		
		29N	1E	1		
Montmorency	Avery	30N	3E	20, 28, 29, 33	Connie Stevens East	44767
Montmorency	Avery	30N	3E	29, 30, 32	Connie Stevens West	44767
Montmorency	Loud	29N	3E	6, 7, 18	Loubert	44767
		29N	2E	1		

Exhibit A (cont)
Terra Energy Ltd.

<u>County Name</u>	<u>Township Name</u>	<u>T</u>	<u>R</u>	<u>Section</u>	<u>Antrim Project Name</u>	<u>Meter #</u>
Oscoda	Clinton	28N	4E	20, 28, 29 30, 31	Perch Lake	
		28N	3E	24		
Montmorency	Vienna	31N	1E	3, 4, 5, 8, 9 10, 15	Vienna 1	44749
Otsego	Charlton	30N	1W	7, 8	Charlton 7	44736
Oscoda	Elmer	28N	2E	1, 12	Elmer Fudd East	44758
		28N	3E	7, 8, 9, 17		
Montmorency	Hillman	31N	3E	26, 35, 36	Happy Hillman	44767
		30N	3E	1, 2, 12		
		30N	4E	6		
Montmorency	Vienna	30N	1E	23, 24, 26, 36	Vienna 23	44749
Montmorency	Vienna	30N	1E	26, 27, 28, 33	Vienna 27	44749
Montmorency	Vienna	30N	1E	13, 14, 15	Vienna 14	44749
Otsego	Charlton	31N	1W	17, 20, 21	Colonel Saunders	44736
Montmorency	Briley	30N	2E	17, 19, 20, 30	Scenic	44749
		30N	1E	25		
Montmorency	Hillman	31N	3E	24, 25, 36	Pleasant Valley	44767
Oscoda	Elmer	28N	2E	10, 11, 12, 13 14, 23	Elmers Glewoll	44758
Montmorency	Avery	30N	3E	25, 26, 27, 34, 35	Wild Card	
Otsego	Bagley	30N	3W	12, 13, 14, 24	Bagley 400	44685
Otsego	Bagley	30N	3W	1, 12	Bagley 700	44685
		30N	2W	6		
Otsego	Charlton	29N	1W	4, 5, 6, 7, 8	Charlton West	
		29N	2W	12		
		30N	1W	32, 33		
Otsego	Bagley	30N	3W	22	Stevens/Bagley 22	48062
Otsego	Charlton	29N	1W	3, 10	Charlton East	
		30N	1W	34, 33		

Exhibit A (cont)
Terra Energy Ltd

<u>County Name</u>	<u>Township Name</u>	<u>T</u>	<u>R</u>	<u>Section</u>	<u>Antrim Project Name</u>	<u>Meter #</u>
Otsego	Chester	30N	2W	7	Chester 7-11	44685
Otsego	Bagley	30N	3W	14	Bagley 14	48062
Montmorency	Rust	29N	4E	5, 6, 8, 16, 17	North Rust Never Sleeps	44768
Montmorency	Hillman	31N	4E	17, 18, 19, 20	Hillman C	
Otsego	Chester	30N	2W	31	Chester 31	44734
Montmorency	Rust	29N	4E	19, 20, 28 29, 30, 31 32, 33	South Rust Never Sleeps	44768
Montmorency	Rust	29N 30N	4E 4E	4, 9 33	Cattle	44768
Montmorency	Rust	30N	4E	28, 29, 32, 33	451 Rum	44768
Montmorency	Rust	29N 30N	4E 4E	2, 3 25, 26, 27 34, 35	The Fletch	44767
Montmorency	Rust	30N	4E	16, 17, 20, 21	Double Axle	44767
Montmorency	Rust	30N	4E	13, 14, 15 22, 23, 24	Iron Oxide	44767
Montmorency	Rust	30N	4E	4, 9, 10, 15, 22	Rust Road	44788
Montmorency	Rust	30N	4E	2, 3, 10 11, 12	Ziebart	44767
Montmorency	Rust	31N	4E	26, 27, 33, 34, 35	Xrea	44767
Montmorency	Rust	30N 31N	4E 4E	1, 12 25, 36	Hillman D	
Montmorency	Rust	30N 30N	4E 3E	30, 31, 32 25	Unknown	

EXHIBIT "A"

**Terra-Hayes Reserves
Dedication of Antrim Reserves to MichCon Gathering Company (AEP)
Terra Energy Ltd.**

<u>County Name</u>	<u>Township Name</u>	<u>T</u>	<u>R</u>	<u>Section</u>	<u>Antrim Project Name</u>
Antrim	Star	30N	5W	1, 2, 3, 10, 11, 12	Bart Star
		31N	5W	36	
Otsego	Elmira	31N	4W	17, 18 19, 20, 21 28, 30, 31	Elvira 11
Otsego	Elmira	31N	4W	5, 8	Elmira Thrive West
		32N	4W	32	
Otsego	Elmira	31N	4W	4, 9, 10, 15, 16	Elmira Thrive East
Otsego	Elmira	31N	4W	6, 7	Peggy Fleming
Otsego	Hayes	30N	4W	6, 7	Nadv 1
Otsego	Hayes	30N	4W	8, 16, 17	Nadv 2
Otsego	Hayes	30N	4W	17, 18	Nadv 3
Antrim	Star	30N	5W	13, 14, 23 24	Nadv 4
Otsego	Elmira	31N	4W	35, 36	Lucky 16
Otsego	Elmira	31N	4W	29, 30 31, 32	Nadv 7
Otsego	Hayes	30N	4W	21, 22, 27 28, 29	Skeba Caple
Otsego	Hayes	30N	4W	19, 20, 30	South Caple

MPSC Case No. U-14754

Exhibit DOM-82

DEDICATION OF ANTRIM RESERVES

This letter agreement between Mich Con Gathering Company ("Mich Con"), 500 Griswold Street, Detroit, Michigan 48226, North Michigan Land & Oil Corporation, P.O. Box 3419, Traverse City, Michigan 49685-3419, North Michigan Gas & Oil, A Limited Partnership, P.O. Box 3419, Traverse City, Michigan 49685-3419, Nielson Enterprises Corp., P.O. Box 3419, Traverse City, Michigan 49685-3419, Nielson Enterprises Limited Partnership, P.O. Box 3419, Traverse City, Michigan 49685-3419, Dale M. Nielson, P.O. Box 3419, Traverse City, Michigan 49685-3419, David E. Nielson, P.O. Box 1661, Gaylord, Michigan 49738, CMK Enterprises, Inc., P.O. Box 3419, Traverse City, Michigan 49685-3419, J & J Properties, Inc., P.O. Box 3419, Traverse City, Michigan 49685-3419, and Gerald J. Talbot, 80 West Corral, Saginaw, Michigan 48603 ("Producers"), their heirs, personal representatives, successors and assigns (collectively, the "Parties"), confirms our agreement concerning the dedication of certain natural gas reserves for transportation or transportation and treating on the Antrim Header System ("Antrim Service"). This Agreement is effective as of November 6, 1995. The Parties agree as follows:

1. To the extent that the natural gas herein referred to has not been previously dedicated by Producers to Mich Con, Producers hereby dedicate to the transportation and treating services provided by Mich Con on the Antrim Header System all of the natural gas produced from the Antrim Shale formation which Producers own or control and is produced from the acreage set forth on Exhibit A ("Dedicated Reserves"), attached. Producers represent that each Producer either owns an interest in valid leases covering all or part of the gas interests in or under the real property described on Exhibit A, or that it has the legal right to dedicate such interest with respect to that real property.
2. All parties hereby affirm that the natural gas herein referred to is either being purchased by Michigan Consolidated Gas Company at the wellhead or is being transported and treated under that certain Antrim Gas Transportation and Treating Service Agreement entered into between Mich Con and Howard Energy Co., Inc. dated November 6, 1995, ("Agreement") and Mich Con hereby agrees that Producers shall be entitled to have all of said natural gas transported and treated on the Antrim Header System on a firm basis in the future event that said natural gas is no longer being

purchased by Michigan Consolidated Gas Company at the wellhead or in the further future event that the transportation and treatment of said natural gas is no longer covered by the above identified Agreement and a mutually satisfactory transportation and treatment agreement covering said natural gas is entered into between Mich Con and the Producers.

3. When the gas herein referred to is no longer transported or treated by Mich Con on the Antrim Header System, the dedication herein provided for shall terminate.
4. This Agreement constitutes the entire agreement between Mich Con and Producers concerning the Antrim Service. Any prior understandings, representations, promises, undertakings, agreement or inducements, whether written or oral, concerning the Antrim Service 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.

This Agreement may be executed in counterpart and shall be binding upon all parties executing the same, their heirs, personal representatives, successors and assigns, whether or not executed by all parties owning an interest in the referenced area.

If this correctly sets forth our agreement, please indicate your agreement and acceptance on the bottom of this letter and return it to me.

Sincerely,

WITNESSES:

Agreed to and accepted this
3th day of December, 1996.

MICH CON GATHERING COMPANY

By: _____

Its: _____

Michael R. Wiegand

Russ R. Sloate

APPROVED
AS TO FORM
JAC
12-2-96

On this 3rd day of December, 1996, before me a Notary Public in and for said County, personally appeared Steven Kurmas, to me personally known, who, being by me duly sworn, did say that he is a Vice President of Mich Con Gathering Company, the corporation named in and which executed the foregoing instrument, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors and said Steven Kurmas acknowledged said instrument to be the free act and deed of said corporation.

DENISE A. McCORMICK
Notary Public, Wayne County, Michigan
My Commission Expires March 9, 1997

Denise A. McCormick
Wayne County, MI
My Commission Expires: 3-9-97

PRODUCERS

Witnesses:

Melanie R. Ojala
Melanie R. Ojala

Virginia G. Schuler
Virginia G. Schuler

NORTH MICHIGAN LAND & OIL
CORPORATION

By: Kathie A. Piper
Kathie A. Piper
Its: President

By: Jody K. Waurzyniak
Jody K. Waurzyniak
Its: Secretary-Treasurer

On this 11th day of December, 1996, before me a Notary Public in and for said County, personally appeared Kathie A. Piper, to me personally known, who, being by me duly sworn, did say that she is the President of North Michigan Land & Oil Corporation, the corporation named in and which executed the foregoing instrument, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors and said Kathie A. Piper and Jody K. Waurzyniak acknowledged said instrument to be the free act and deed of said corporation.

and Secretary-Treasurer, respectively,

and Jody K. Waurzyniak

Jennifer B. Ojala
Jennifer B. Ojala, Notary Public
Grand Traverse County, MI
My Commission Expires: 08-31-00

Jennifer B. Ojala
Jennifer B. Ojala, Notary Public
Grand Traverse County, MI
My Commission Expires: 08-31-00

Witnesses:

Melanie R. Ojala
Melanie R. Ojala

Virginia G. Schuler
Virginia G. Schuler

NORTH MICHIGAN GAS & OIL, A Limited Partnership

By: Kathie A. Piper
Kathie A. Piper, President of North
Its: General Partner Michigan Land & Oil Corporation,

By: Jody K. Waurzyniak
Jody K. Waurzyniak, Secretary-Treasurer of
North Michigan Land & Oil Corporation, General Partner

On this 11th day of December, 1996, before me a Notary Public in and for said County, personally appeared Kathie A. Piper, to me personally known, who, being by me duly sworn, did say that she is a General Partner of North Michigan Gas & Oil, A Limited Partnership, the partnership named in and which executed the foregoing instrument, and that said instrument was signed on behalf of said partnership by authority of its partners and said Kathie A. Piper and Jody K. Waurzyniak acknowledged said instrument to be the free act and deed of said partnership.

President of North Michigan Land & Oil Corporation, General Partner and Secretary-Treasurer of North Michigan Land & Oil Corporation, General Partner, respectively,

and Jody K. Waurzyniak

NIELSON ENTERPRISES CORP.

Witnesses:

Melanie R. Ojala
Melanie R. Ojala

Virginia G. Schuler
Virginia G. Schuler

By: Dale M. Nielson
Dale M. Nielson
Its: Executive Vice President

By: Kathie A. Piper
Kathie A. Piper, Secretary-Treasurer

On this 11th day of December, 1996, before me a Notary Public in and for said County, personally appeared Dale M. Nielson, to me personally known, who, being by me duly sworn, did say that he is the Executive Vice President of Nielson Enterprises Corp., the corporation named in and which executed the foregoing instrument, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors and said Dale M. Nielson and Kathie A. Piper acknowledged said instrument to be the free act and deed of said corporation.

and she is the Secretary-Treasurer, respectively,

and Kathie A. Piper

Jennifer B. Ojala
Jennifer B. Ojala, Notary Public
Grand Traverse County, MI
My Commission Expires: 08-31-00

Jennifer B. Ojala
Jennifer B. Ojala, Notary Public
Grand Traverse County, MI
My Commission Expires: 08-31-00

Witnesses:

NIELSON ENTERPRISES LIMITED
PARTNERSHIP

Melanie R. Ojala
Melanie R. Ojala

Virginia G. Schuler
Virginia G. Schuler

By: [Signature]
Dale M. Nielson, Executive Vice President
Its: General Partner of Nielson Enterprises Corp.,

By: [Signature]
Kathie A. Piper, Secretary-Treasurer of
Nielson Enterprises Corp., General Partner

On this 11th day of December, 1996, before me a Notary Public in and for said County, personally appeared Dale M. Nielson, to me personally known, who, being by me duly sworn, did say that he is a General Partner of Nielson Enterprises Limited Partnership, the partnership named in and which executed the foregoing instrument, and that said instrument was signed on behalf of said corporation by authority of its partners and said Dale M. Nielson and Kathie A. Piper acknowledged said instrument to be the free act and deed of said partnership.

Executive Vice President of Nielson Enterprises Corp., General Partner and she is a Secretary-Treasurer of Nielson Enterprises Corp., General Partner, respectively,

and Kathie A. Piper

Witnesses:

Melanie R. Ojala
Melanie R. Ojala

Virginia G. Schuler
Virginia G. Schuler

By: [Signature]
Charles M. Konieczny
Its: President

CMK ENTERPRISES

On this 11th day of December, 1996, before me a Notary Public in and for said County, personally appeared Charles M. Konieczny, to me personally known, who, being by me duly sworn, did say that he is the President of CMK Enterprises, Inc., the corporation named in and which executed the foregoing instrument, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors and said Charles M. Konieczny acknowledged said instrument to be the free act and deed of said corporation.

Jennifer B. Ojala
Jennifer B. Ojala, Notary Public
Grand Traverse County, MI
My Commission Expires: 08-31-00

Witnesses:

Melanie R. Ojala
Melanie R. Ojala

Virginia G. Schuler
Virginia G. Schuler

J & J PROPERTIES, INC.

By: [Signature]
Charles M. Konieczny
Its: President

On this 11th day of December, 1996, before me a Notary Public in and for said County, personally appeared Charles M. Konieczny, to me personally known, who, being by me duly sworn, did say that he is a President of J & J Properties, Inc., the corporation named in and which executed the foregoing instrument, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors and said Charles M. Konieczny acknowledged said instrument to be the free act and deed of said corporation.

Jennifer B. Ojala
Jennifer B. Ojala, Notary Public
Grand Traverse County, MI
My Commission Expires: 08-31-00

Witnesses:

Melanie R. Ojala
Melanie R. Ojala

Virginia G. Schuler
Virginia G. Schuler

[Signature]
Dale M. Nielson

On this 11th day of December, 1996, before me personally came Dale M. Nielson, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he had executed the same as his free act and deed.

Jennifer B. Ojala
Jennifer B. Ojala, Notary Public
Grand Traverse County, MI
My Commission Expires: 08-31-00

Tim O'Rourke

David E. Nielson

Maureen Borowiak

Christine L. Cady
Christine L. Cady, Notary Public
Otsego County, MI
My Commission Expires: 02-03-97

On this _____ day of _____, 1996, before me personally came Gerald J. Talbot, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he had executed the same as his free act and deed.

____ County, MI
My Commission Expires:_____

OTSEGO COUNTY, MICHIGAN

Township 29 North - Range 4 West:

Section 5: S/2 of NE/4
Section 6: E/2 of SW/4, SE/4
Section 7: E/2
Section 8: W/2
Section 16: E/2 of NW/4, NE/4, S/2 of SW/4, NE/4 of SW/4,
SE/4, W/2 of NW/4
Section 17: NW/4, W/2 of NE/4, SW/4, SE/4
Section 22: Entire
Section 27: N/2, SW/4
Section 23: N/2, SW/4
Section 30: S/2 of NE/4
Section 31: NE/4 of SE/4
Section 32: W/2 of NW/4, NW/4 of SW/4

Township 29 North - Range 3 West:

Section 14: NW/4
Section 15: W/2, W/2 of NE/4, NE/4 of NE/4, W/2 of SE/4
Section 16: Entire
Section 17: S/2 of NE/4 of SE/4
Section 18: W/2, SW/4 of NE/4, W/2 of SE/4
Section 19: W/2 of NE/4, NW/4 of SE/4
Section 20: NW/4, E/2 of SW/4, SW/4 of SW/4
Section 21: S/2 of NW/4, N/2 of SW/4, N/2 of SE/4
Section 22: Entire
Section 23: S/2 of NW/4, W/2 of SW/4

Township 30 North - Range 3 West:

Section 24: N/2 of SW/4, SE/4 of SW/4
Section 25: SW/4 of NW/4, E/2 of NW/4, NE/4, N/2 of SE/4,
SE/4 of SE/4

Township 29 North - Range 2 West:

Section 2: SW/4, NW/4 of SE/4
Section 3: N/2 of NW/4, S/2 of NW/4, E/2 of SW/4, SW/4 of
SW/4
Section 4: NW/4, W/2 of NE/4, NE/4 of NE/4, NW/4 of SW/4,
E/2 of SW/4, SW/4 of SW/4, SE/4 of NE/4
Section 5: N/2, N/2 of SW/4, W/2 of SE/4, SE/4 of SE/4
Section 6: NE/4 of NE/4, S/2 of SE/4
Section 7: SW/4 of NE/4, SW/4 of SW/4, NW/4 of SE/4

Township 29 North - Range 2 West (continued):

Section 8: SE/4
Section 9: E/2 of NW/4, NE/4, S/2
Section 10: Entire
Section 11: W/2
Section 12: E/2 of NW/4, NE/4, E/2 of SW/4, N/2 of SE/4
Section 13: N/2, N/2 of SW/4, SW/4 of SW/4, SE/4
Section 14: Entire
Section 15: Entire
Section 16: Entire
Section 21: NW/4 lying North of River, N/2 of NE/4
Section 22: E/2 of NW/4, NW/4 of NW/4, E/2
Section 23: NW/4, NE/4, SE/4, N/2 of SW/4
Section 24: W/2, W/2 of E/2

Township 30 North - Range 2 West:

Section 19: SW/4
Section 25: NW/4, S/2 of NE/4, S/2
Section 26: N/2, SW/4, S/2 of SE/4, NE/4 of SE/4
Section 27: E/2 of NW/4, NE/4, S/2
Section 28: NW/4, NW/4 of NE/4, S/2
Section 29: S/2 of NW/4, SW/4, E/2
Section 30: Entire
Section 31: W/2, NE/4 of SE/4
Section 32: S/2, N/2
Section 33: SW/4 of SW/4, N/2, N/2 of SW/4, SE/4 of SW/4, SE/4
Section 34: SW/4, N/2, SE/4
Section 35: E/2 of NW/4, NE/4, E/2 of SW/4, W/2 of NW/4 of SW/4, E/2 of SE/4, NW/4 of SE/4
Section 36: NE/4, NW/4, NW/4 of SW/4, S/2 of SW/4, E/2 of SE/4, SW/4 of SE/4

Township 29 North - Range 1 West:

Section 19: SW/4

MONTMORENCY COUNTY, MICHIGAN:

Township 29 North - Range 1 East:

Section 18: Entire