

Peoples Natural Gas Company LLC
§ 53.53 III.E

5. Submit a schedule showing the sources of gas supply associated with annualized MCF sales.

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Refer to Exhibit No. 12, Schedule No. 4 (53.53 III.E.24) for sources of gas supply used to meet Peoples' sales requirements during the test year.

The following schedule shows the sources of supply expected to be used to meet Peoples' sales requirements during the twelve-month period ending September 30, 2019 and the twelve-month period ending October 31, 2020:

Source (in MMcf)	TME 9/30/19	TME 10/31/20
Local Pennsylvania Purchases	6,712	5,101
Interstate Purchases	48,414	49,718
Storage – On and Off-System		
Withdrawals	17,534	17,543
Injections	(17,534)	(17,543)
(Net) Storage	0	0
TOTAL	55,126	54,819

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18. If the utility has a Fuel Adjustment Clause:
- a. State the base fuel cost per MCF chargeable against basic customers' rates during the test year. If there was any change in this basic fuel charge during the test year, give details and explanation thereof.
 - b. State the amount in which the fuel adjustment clause cost per MCF exceeds the fuel cost per MCF charged in base rates at the end of the test year.
 - c. If fuel cost deferment is used at the end of the test year, give
 - i. The amount of deferred fuel cost contained in the operating statement that was deferred from the 12-month operating period immediately preceding the test year.
 - ii. The amount of deferred fuel cost that was removed from the test period and deferred to the period immediately following the test year.
 - d. State the amount of Fuel Adjustment Clause revenues credited to the test year operating account.
 - e. State the amount of fuel cost charged to the operating expense account in the test year which is the basis of Fuel Adjustment Clause billings to customers in that year. Provide summary details of this charge.
 - f. From the recorded test year operating account, remove the Fuel Adjustment Clause Revenues. Also remove from the test year recorded operating account the excess of fuel cost over base rate fuel charges, which is the basis for the Fuel Adjustment charges. Explain any difference between FAC Revenues and excess fuel costs. [The above is intended to limit the operating account to existing customers' base rate revenues and expense deductions relative thereto].

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Peoples does not have a Fuel Adjustment Clause.

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23. Submit a schedule showing fuel cost in excess of base compared to fuel cost recovery for the period two months prior to test year and the test year.

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Peoples does not have fuel costs in excess of base.

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24. Supply a detailed analysis of Purchased Gas for the test year and the twelve month period prior to the test year.

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Twelve Months Ended September 30, 2017

Line No.	Acct No.	Description	Volumes (Mcf)	Costs (\$)
1	801	Natural Gas Field Line Purchases Natural Gas Field Line Purchases	10,462,294	\$ 22,519,635.88
2	803	Natural Gas Transmission Line Purchases Interstate Gas Costs - Commodity Purchases and Capacity	41,316,915	\$ 105,369,450.41
3		Storage - Demand	-	\$ 30,237,814.34
4		Storage - Usage	-	\$ 357,860.65
5		Interstate Gas Costs - Non Deferrable Off-System Sales	4,499,685	\$ 10,667,110.66
6	804	Natural Gas City Gate Purchase - Buybacks	1,422,684	\$ 3,011,721.81
7	805	Other Gas Purchases	-	\$ -
8	806	Exchange Gas (Net) Exchange Gas Misc	33,979	\$ 49,495.91
9		Exchange Gas Transporter Imbalance	(37,465)	\$ (67,436.82)
10	808	Storage Activity Gas Withdrawn from Storage	18,144,716	\$ 35,249,507.75
11		Gas Delivered to Storage	(17,328,772)	\$ (43,480,626.46)
12	858	Transmission/Compression Gas by Others	-	\$ 92,633,229.51
13		Total Gas Purchased Expense	58,514,036	\$ 256,547,763.64

Twelve Months Ended September 30, 2018

Line No.	Acct No.	Description	Volumes (Mcf)	Costs (\$)
1	801	Natural Gas Field Line Purchases Natural Gas Field Line Purchases	8,514,778	\$ 17,955,494.59
2	803	Natural Gas Transmission Line Purchases Interstate Gas Costs - Commodity Purchases and Capacity	56,886,202	\$ 149,207,575.28
3		Storage - Demand	-	\$ 30,875,230.00
4		Storage - Usage	-	\$ 390,408.98
5		Interstate Gas Costs - Non Deferrable Off-System Sales	1,668,783	\$ 4,112,803.72
6	804	Natural Gas City Gate Purchase - Buybacks	1,041,218	\$ 2,199,883.78
7	805	Other Gas Purchases	4,919	\$ 117,636.92
8	806	Exchange Gas (Net) Exchange Gas Misc	57,585	\$ 148,783.26
9		Exchange Gas Transporter Imbalance	8,109	\$ (10,447.70)
10	808	Storage Activity Gas Withdrawn from Storage	18,491,111	\$ 44,819,813.33
11		Gas Delivered to Storage	(19,747,038)	\$ (48,841,534.48)
12	858	Transmission/Compression Gas by Others	-	\$ 96,378,817.28
13		Total Gas Purchased Expense	66,925,667	\$ 297,354,464.96

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26. Submit detailed calculations for bulk gas transmission service costs under supply and/or interconnection agreements.

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Peoples' has no bulk gas transmission agreements.

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30. Provide a schedule showing suppliers, MCF purchased, cost (small purchases from independent suppliers may be grouped); emergency purchases, listing same information; curtailments during the year; gas put into and taken out of storage; line loss, and any other gas input or output not in the ordinary course of business.

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Refer to Exhibit No. 12, Schedule No. 4 (53.53 III.E.24) and Exhibit No. 12, Schedule No. 16 (53.53 IV.B.14).

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36. State the amount of gas, in mcf, obtained through various suppliers in past years.

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Refer to Exhibit No. 12, Schedule No. 4 (53.53 III.E.24) and Exhibit No. 12, Schedule No. 16 (53.53 IV.B.14).

Peoples Natural Gas Company LLC
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25. Submit calculations supporting energy cost per MCF and operating ratio used to determine increase in costs other than production to serve additional load.

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Refer to Exhibit No. 2, Schedule No. 4 (53.53 III.A.17) and Exhibit No. 12, Schedule No. 9 (53.53 III.E.31).

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31. Provide a schedule showing the determination of the fuel costs included in the base cost of fuel.

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Peoples has used its purchased gas cost rates effective October 1, 2018 in determining pro forma revenues and pro forma purchased gas cost expense for the historic and future test years in this case. Refer to the attachment for the calculation supporting the October 1, 2018 purchased gas cost rates.

Schedule 1

Peoples Natural Gas Company LLC
 Peoples & Peoples-Equitable Divisions
 QUARTERLY 1307(f) Rate Calculation
 Effective: OCTOBER 1, 2018

Line No.		Costs and Volumes	\$/Mcf Rates
1	DC = Projected Annual Capacity Costs (excluding AVC Capacity)	\$73,359,535	
2	MINUS: Projected BB&A Revenue Credits	\$6,020,309	
3	MINUS: Current Capacity Over/(Under) Collection	\$0	
4	Net Projected Annual Capacity Costs	\$67,339,226	
5	S + SBAC = Projected Annual Sales and Standby Volumes - October 2018 through September 2019 (Mcf)	64,764,557	
6	Projected Demand Cost of Gas per Mcf		\$1.0398
7	CC = Projected Commodity Costs	\$157,557,069	
8	S + MR = Projected Sales Volumes June 2018 through September 2018 (Mcf)	\$3,456,375	
9	Projected Commodity Cost of Gas per Mcf		\$2.9474
10	MINUS: Current Commodity Over/(Under) Collection	\$0	
11	S + MR = Projected Annual Sales and Migration Rider Volumes (Mcf)	\$3,456,375	
12	Current Commodity Over/(Under) Collection Commodity Cost of Gas per Mcf		\$0.0000
13	Projected Commodity Cost of Gas per Mcf (line 9 - line 12)		\$2.9474
14	Total Projected Cost of Gas per Mcf (line 6 + line 13)		\$3.9872
15	E = Total Prior Period Over/(Under) Collection Amount	\$2,234,900	
16	S = Projected Annual Sales Volumes (Mcf)	\$3,456,375	
17	MINUS: E = Prior Period Over/(Under) Collection Rate per Mcf		\$0.0418
18	Overall Gas Cost Rate per Mcf		\$3.9454
	<u>AVC Capacity Cost Rate</u>		
	RS		\$0.6225
	SGS		\$0.5745
	MGS		\$0.3750
	LGS		\$0.2151

Peoples Natural Gas Company LLC
Peoples Division
§ 53.53 IV.B

11. Supply the net fuel clause adjustment by month for the test year.

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Peoples does not have a net fuel clause adjustment in its tariff.

Peoples Natural Gas Company LLC
§ 53.53 I.C

1. Provide, with respect to the scope of operations of the utility, a description of all property, including an explanation of the system's operation, and all plans for any significant future expansion, modification, or other alteration of facilities.

This description should include, but not be limited to the following:

- a. If respondent has various gas service areas, indicate if they are integrated, such that the gas supply is available to all customers.
- b. Provide all pertinent data regarding company policy related to the addition of new consumers in the company's service area.
- c. Explain how respondent obtains its gas supply, as follows:
 - i. Explain how respondent stores or manufactures gas; if applicable.
 - ii. State whether the company has peak shaving facilities.
 - iii. Provide details of coal-gasification programs, if any.
 - iv. Describe the potential for emergency purchases of gas.
 - v. Provide the amount of gas in MCF supplied by various suppliers in the test year (include a copy of all contracts).
 - vi. Provide the amount of gas in MCF supplied from company-owned wells during the test year.
- d. Provide plans for future gas supply, as follows:
 - i. Supply details of anticipated gas supply from respondent's near-term development of gas wells, if any.
 - ii. Provide gas supply agreements and well development ventures and identify the parties thereto.
- e. Indicate any anticipated curtailments and explain the reasons for the curtailments.
- f. Provide current data on any Federal Power Commission action or programs that may affect, or tend to affect, the natural gas supply to the gas utility.

* * * * *

- a. If respondent has various gas service areas, indicate if they are integrated, such that the gas supply is available to all customers.

The vast majority of Peoples facilities are integrated. There are several isolated service territories. Grove City (the largest), Greene County, and Claysburg require special gas supply arrangements but are all served using common contracted transportation capacity and storage.

- b. Provide all pertinent data regarding company policy related to the addition of new consumers in the company's service area.

Refer to Exhibit No. 10, Schedule No. 5 (53.53 III.E.39).

- c. Explain how respondent obtains its gas supply, as follows:

- i. Explain how respondent stores or manufactures gas; if applicable.

Peoples does not manufacture gas. Peoples stores gas in one on-system storage pool in western Pennsylvania and through contracted storage services provided by Dominion Transmission, Equitrans and National Fuel Gas Supply. Generally, gas is purchased, delivered and injected into these underground storage reservoirs during the summer and withdrawn during the following winter to meet weather affected increases in customer demand.

- ii. State whether the company has peak shaving facilities.

Peoples storage facility is generally operated in a manner which provides for gas to be withdrawn throughout the winter season. On days when demand levels are increased due to cold weather, the capability to withdraw gas for serving those increased demands is also increased. By this coincident occurrence, the on-system storage pool provides a "peaking service".

- iii. Provide details of coal-gasification programs, if any.

Peoples has no coal-gasification programs.

- iv. Describe the potential for emergency purchases of gas.

Peoples does not anticipate any emergency purchases.

- v. Provide the amount of gas in MCF supplied by various suppliers in the test year (include a copy of all contracts).

Refer to the responses to Exhibit No 12, Schedule No. 4 (53.53.III.E.24) and Exhibit No 12, Schedule No. 16 (53.53.IV.B.14) for the quantities of gas, in Mcf, supplied by various suppliers.

Pages 40 through 52 are a sample of a standard Base Contract for interstate gas purchases. The Base Contract provides the general terms and conditions for the purchase and sale of natural gas. The parties agree to abide by the terms of the Base Contract to enter into a transaction. Transaction confirmations, when executed, are similar in format to the confirmation in Exhibit A in the attachment. Generally, confirmations for one month or less are not memorialized. However, details of transactions are recorded telephonically or electronically in the event there is a need for dispute resolution. There are numerous transactions, samples of which can be made available upon request.

Pages 5 through 39 are a sample of Peoples' Base Gas Purchase Contract (GPC) for local Pennsylvania purchases. Due to the large number of local gas purchase contracts, they have been excluded from this response. Copies of these contracts can be made available upon request.

- vi. Provide the amount of gas in MCF supplied from company-owned wells during the test year.

Peoples has no company-owned wells.

- d. Provide plans for future gas supply, as follows:

- i. Supply details of anticipated gas supply from respondent's near-term development of gas wells, if any.

Peoples has no plans to develop company-owned wells.

- ii. Provide gas supply agreements and well development ventures and identify the parties thereto.

Peoples has no well development ventures.

- e. Indicate any anticipated curtailments and explain the reasons for the curtailments.

Peoples does not anticipate any curtailments.

- f. Provide current data on any Federal Power Commission action or programs that may affect, or tend to affect, the natural gas supply to the gas utility.

There are none.

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MASTER INTERCONNECT AND MEASUREMENT AGREEMENT

THIS MASTER INTERCONNECT AND MEASUREMENT AGREEMENT is entered into this ___ day of _____ 201___, by and between Peoples Natural Gas Company LLC, a Pennsylvania limited liability company, with an office located at 375 North Shore Drive, Pittsburgh, PA 15212 (hereinafter referred to as "Peoples"), and PRODUCER, a STATE TYPE OF COMPANY, with an office at ADDRESS (hereinafter referred to as "Customer"). As used in this Agreement, Peoples and Customer are also referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, Peoples owns and operates certain natural gas facilities and pipelines located in the Commonwealth of Pennsylvania and the State of West Virginia (the "Peoples' System");

WHEREAS, Customer has available certain supplies of natural gas which it desires to have delivered onto Peoples' System.

NOW THEREFORE, in consideration of the premises and covenants contained herein, Peoples and Customer hereby agree as follows:

ARTICLE I
PURPOSE AND PROCEDURES

1.01 **Master Agreement.** This Master Agreement establishes the general terms and conditions under which Customer will deliver Gas onto Peoples' System through Interconnection Facilities constructed at a specified Receipt Point, thereafter the natural gas shall either be transported through Peoples' System or sold directly to Peoples for whatever use deemed necessary and appropriate by Peoples. The term "Master Agreement" shall include the incorporation of the Appendices.

1.02 **Exhibits and Appendices.** The terms and conditions of each particular transaction whereby Customer will deliver Gas onto Peoples' System at a specified Receipt Point shall be included in individual Exhibits (hereinafter "Exhibit" or "Exhibits"). Information contained in the Exhibits shall include, but not be limited to:

- (a) The designation for the transportation or sale of Gas for a specific Receipt Point;
- (b) The meter number and location at the Receipt Point;
- (c) The time period (hereinafter "Service Term") during which the Gas is to be sold to Peoples or delivered onto Peoples' System;
- (d) Applicable prices, rates and associated fees' however, the Parties agree that the Construction and Installation Fees, and any other operation, installation, or maintenance types fees addressed in the Master Agreement, shall not be included on the Exhibit and shall instead be identified in separate written format(s), such as an invoice;
- (e) An estimate of the annual quantity of Gas to be sold or delivered onto Peoples' System.

1.03 **Exhibits and Appendices as Part of Agreement.** The entire agreement between the Parties shall include those provisions contained in the Master Agreement, the Appendices, and any effective Exhibits. Each duly executed Exhibit is hereby incorporated into and made a part of this Master Agreement. The provisions of each respective Exhibit shall apply only to the quantity of Gas set forth in such Exhibit; however, the provisions of this Master Agreement shall apply to all volumes in all Exhibits. In the event

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of a conflict between the terms of any Exhibit and the terms of this Master Agreement, the terms of the Exhibit shall govern.

ARTICLE II
DEFINITIONS

2.01 **Definitions.** For the purposes of this Master Agreement, the following terms, when capitalized herein, shall have the meanings set forth below:

- (a) "**Authorizations**" means any and all approvals, permits, licenses, franchises, or other authorizations required by any federal or state governmental authority which are necessary for the performance of a Party's obligations hereunder.
- (b) "**Btu**" means a British thermal unit.
- (c) "**Commission**" shall mean the Pennsylvania Public Utility Commission or the West Virginia Public Service Commission, as appropriate, that regulates the intrastate sales and transportation of natural gas.
- (d) "**Construction and Installation Fee**" means the fees charged to Customer for the actual time, labor, tools, materials, equipment and overhead expenses for the development, design and construction activities relative to completing the facilities contemplated by the Exhibits to this Master Agreement.
- (e) "**Contract Price**" shall mean, in the instance in which Gas is sold to Peoples by Customer, the price paid for Gas delivered and taken as set forth in any then-effective Exhibit.
- (f) "**Day**" shall mean a period of twenty-four (24) consecutive hours, coextensive with a "day" as defined by the North American Energy Standards Board ("NAESB").
- (g) "**Dekatherm**" shall mean one million (1,000,000) Btus or one MMBtu.
- (h) "**FERC**" means the Federal Energy Regulatory Commission or any successor federal agency that regulates, or has the authority to regulate, the transportation of Gas in interstate commerce by pipeline.
- (i) "**Gas**" means a mixture of hydrocarbon and non-hydrocarbon gases that satisfies the requirements of Article IX of this Master Agreement.
- (j) "**Gathering Rate**" means for any natural gas delivered by Customer onto Peoples' System at a Receipt Point which is subject to this Master Agreement, Customer shall pay to Peoples a gathering fee as set forth in Exhibit A.
- (k) "**Interconnect**" means the point of interconnection between the Customer and Peoples as set forth in the Exhibits attached hereto as amended from time-to-time.
- (l) "**Interruptible Service Option**" shall mean that Peoples' only obligation under this agreement shall be to receive Gas from the Receipt Point and to permit that Gas to flow against the existing pressure in Peoples' facilities. Peoples shall not be obligated to lower such line pressure by compression or otherwise to accommodate receipts from the point of interconnection. However, it is expressly understood and agreed that the Peoples may

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restrict the flow or discontinue the taking of Gas temporarily. Peoples shall not be obligated to add any facilities or expand the capacity of its pipeline system in any manner in order to provide the services hereunder. Nothing in this Master Agreement or any applicable Exhibit shall limit Peoples' right to interrupt service or to take other action as may be required to alleviate conditions which threaten the integrity of its system.

- (m) "**Mcf**" shall mean one thousand (1,000) cubic feet of gas.
- (n) "**MMBtu**" shall mean one million (1,000,000) Btu's or one Dekatherm.
- (o) "**Production Period**" means a span of approximately thirty (30) days, which may or may not conform to the calendar month, during which time Customer's Gas will be measured for delivery and purchase payment purposes. Production Periods shall be identified by the name of the month in which the period ends.
- (p) "**Receipt Point(s)**" means the point(s) of receipt of Customer's supplied Gas as set forth in the Exhibits attached hereto as amended from time to time.
- (q) "**Retainage Percentage**" shall mean, for any natural gas delivered by Customer onto Peoples' System at a Receipt Point which is subject to this Master Agreement, Peoples shall withhold a retainage percentage as set forth in the Exhibits hereto.

ARTICLE III
APPROVAL, INSTALLATION AND ACTIVATION OF FACILITIES

3.01 **Application.** Customer shall provide accurate information to Peoples in conjunction with any request for a proposed Interconnect which shall include: (i) the location of the proposed Interconnect; (ii) well plats, if applicable; (iii) the proposed maximum allowable operating pressure of the Customer's gathering line that will feed into the Receipt Point; (iv) the desired date for completion of the Interconnect; (v) the Customer's estimated maximum, minimum and average amount of gas to be delivered through the Interconnect on a daily basis; (vi) the source of Gas; (vii) the Customer's estimated maximum, minimum and average receipt pressure through the Interconnect; and (viii) any other information required by Peoples for the specific Interconnection, including, but not limited to, gas quality and odor intensity tests results.

3.02 **Design Specifications.** Customer shall submit to Peoples complete design specifications for the proposed Interconnect prior to construction of any facilities. Customer agrees to make those changes to such design and construction plans as Peoples, in its reasonable discretion, believes are necessary for the safe and reliable delivery of Gas into Peoples' facilities. If the proposed Interconnect is approved, Peoples shall respond in writing as to the acceptability of the detailed design. If the proposed Interconnect request is initially denied but could be approved with modifications to the design of the Interconnect Facilities, Peoples shall provide recommendations to Customer.

3.03 **Installation.** Scheduling of installation of the Interconnect must be coordinated with Peoples. No construction shall commence until Customer has satisfied all of its prerequisite obligations under this Master Agreement and Peoples has notified Customer in writing that construction may commence.

3.04 **Activation of Facilities.** Activation of the Interconnect shall be contingent upon readiness of Peoples, Peoples' acceptance of gas analysis results as submitted by Customer, and completion of installation as specified and agreed upon by and between Peoples and Custom. Peoples shall have the right to conduct a separate gas analysis for verification purposes.

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ARTICLE IV
INTERCONNECT FACILITIES

4.01 **Interconnect Facilities.** The Interconnect shall be comprised of equipment which includes: (i) gas measurement equipment; (ii) two forms of overpressure protection; (iii) certain interconnect piping facilities including a check valve and an insulated/welded tie-in connection; and (iv) such other facilities as may be required by Peoples (collectively "Interconnect Facilities") at the interconnection between Customer's and Peoples' facilities. Peoples shall specify the type of equipment to be provided by Customer and Customer shall not install any non-Peoples approved equipment at the Interconnect Facility. The minimum engineering and technical specifications for the Interconnect Facilities are further detailed in Appendix A. All costs associated with the Interconnect Facilities shall be the Customer's responsibility, unless waived by Peoples, and any such costs paid by Peoples shall be reimbursed by Customer through the Construction and Installation Fee. If Customer does not remit payment for the Construction and Installation Fee within ten (10) days after receiving Peoples' invoice for same, then Peoples may, at its sole option, shut-in the Interconnection Facilities until payment is made and may require all future payments for other operation, installation, or maintenance related work to be made in advance.

4.02 **Debris and Obstructions.** Customer's facilities shall be cleared of all debris and obstructions before they are connected to Peoples' facilities.

4.03 **Maintenance and Identification.** Customer is responsible and shall assume the initial costs, for landscaping, sign posting, painting, and final, post-construction cleanup at and around the Interconnect Facilities. A meter set identification sign shall be posted at each location. The sign shall, at a minimum, list the name of the Customer, the telephone number (including area code) where the Interconnect operator can be reached at all times (i.e. emergency contact number), and the Customer's address.

4.04 **As-built Drawings.** If requested by Peoples, Customer shall develop an "as-built" location drawing of the Interconnect Facilities. The "as-built" drawing shall include all facilities from the inlet side of the gas measurement facilities to the tie-in with Peoples' pipeline facilities. This detailed drawing shall include centerline measurements, valve, regulator, meter identification, pipe size(s) and type(s), and telemetering details. Customer shall provide a copy of this drawing (AutoCAD format) to Peoples, upon request, for review and approval prior to activation of Interconnect Facilities.

4.05 **Telemetry.** The electronic gas measurement and communications equipment installed as part of the Interconnect Facilities shall include equipment for monitoring, recording, and transferring data deemed essential by Peoples. Customer shall acquire, install and pay the on-going operating expenses for the electronic gas measurement and communications equipment to provide Peoples, at a minimum, real-time information related to pressure, temperature, gas flow and gas quality (i.e., chromatograph).

ARTICLE V
PEOPLES' FACILITIES

5.01 **Peoples' Facilities.** Peoples shall own, and Peoples or its designee shall design, install, operate, and maintain, a tap and side valve connecting Peoples' facilities to the Interconnect Facilities as more specifically described in the Appendices. The location and positioning of the Interconnect Facilities shall be in accord with Peoples' standard design specifications, and any specific design drawings or specifications provided by Peoples to Customer in the context of this Master Agreement.

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ARTICLE VI
INTERCONNECTION OPERATIONS

6.01 **Commencement of Operation.** Customer shall notify Peoples, in writing, when the Interconnect is complete, tested, and ready for activation. Unless otherwise indicated, deliveries of Gas at the Interconnect may commence as soon as all Authorizations have been granted, the necessary facilities have been constructed, the requisite documents have been submitted and Customer has satisfied the terms and conditions of this Master Agreement. Peoples shall be responsible for the coordination, installation, testing, and physical final tie-in to Peoples' System. Peoples shall develop, coordinate, and oversee all operations associated with purging the meter set and piping into service. All such tie-in activities shall be Peoples' responsibility, unless waived by Peoples, and any such costs paid by Peoples shall be reimbursed by Customer through the Construction and Installation Fee.

6.02 **Gathering Obligations.** Peoples will receive Gas from Customer at the Receipt Point, provided that all parties utilizing the Interconnect, including Customer, if applicable, have entered into valid agreements with Peoples.

6.03 **Environmental Responsibility.** Each Party represents that no hazardous substance as that term is defined in the Federal Comprehensive Environmental Response Compensation Liability Act (CERCLA), petroleum or petroleum products, "asbestos material" as that term is defined in 40 CFR 61.41 (1987), polychlorinated biphenyls (PCBs), or "solid waste" as that term is defined in the Federal Resource Conservation Recovery Act (RCRA), will be leaked, spilled, deposited or otherwise released by either Party on the other Party's property. In the event that any of said above referenced materials are discovered on said property, each Party shall immediately notify the other Party of the discovery and existence of said materials. In the event of either Party's breach of the representations contained in this section, the full responsibility for the handling, remediation, treatment, storage or disposal of any such hazardous substance, petroleum or petroleum product, asbestos material, PCBs or solid waste discovered on said property, including the handling of such materials in compliance with all environmental laws including federal, state and local laws, rules and regulations, shall remain with such Party and such Party shall indemnify the other Party for any loss, injury, theft, damage to persons or property, or fines, penalties or compliance order issued by any governmental agency relating to pollution or protection of the environment including without limitation, laws and regulations relating to emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, waste petroleum, toxic substances and hazardous substances occurring on said property. This section shall survive the termination of this Master Agreement.

6.04 **Facility Improvements.** Peoples retains the unilateral right to change the operations of its facilities and/or upgrade its system. Such operational changes may require the adjustment and/or addition of equipment and facilities by the Customer in order to maintain delivery of gas volumes. The cost of any such adjustment and/or addition of equipment and facilities requirements will be borne entirely by the Customer.

6.05 **Shut-in.** Peoples retains the unilateral right to immediately shut-in or cause Customer to shut-in any Interconnect which, in Peoples' sole judgment, threatens the integrity and safe operation of Peoples' System. Additionally, if Peoples is purchasing the Gas from a particular Interconnect, upon thirty (30) days advance written notice, Peoples may shut-in or cause Customer to shut-in that Interconnect for economic reasons. Customer shall not shut-in or discontinue delivery of Gas at any Receipt Point covered by this Master Agreement without first obtaining Peoples' consent. If a shut-in occurs, Peoples shall have the right to remove its facilities at the Interconnect Point and terminate the Exhibit governing that Receipt Point.

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6.06 **Notice of Interruption of Gas Delivery at Receipt Point.** Peoples shall be notified of any and all repairs, changes, or other actions which result in any interruption or discontinuance of Gas delivery at the Receipt Point. Customer shall advise Peoples in writing at least fifteen calendar (15) days before taking the Interconnect Facilities out of service for repairs or for any other reason which is anticipated to last more than seven calendar (7) days. After Customer has completed all repairs or is otherwise prepared to resume delivery of gas at the Receipt Point, Customer shall immediately reconnect the Interconnect Facilities to Peoples' System and resume service, subject to ten (10) days' advance notification to Peoples.

6.07 **Facilities Abandonment.** In the event Peoples should ever abandon, retire or cease to operate, in whole or in part, facilities used to purchase and/or transport Gas, Peoples may, in its sole discretion, and without further obligation, terminate this Master Agreement upon at least sixty (60) days' written notice to Customer.

ARTICLE VII
OPERATIONAL COSTS TO BE BORNE BY CUSTOMER

7.01 **Gas Quality and Monitoring Costs.** Customer agrees to install, own, operate and keep in efficient operating condition, at Customer's own expense, drips, separators, dehydrators, alcohol bottles, gas cleaners, and any other equipment necessary to insure that the gas delivered from each well hereunder shall be clean and commercially free from dust, objectionable odors or other solid or liquid matter which might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters or other equipment through which it flows. Customer also agrees to install, own, operate and keep in efficient operating condition, regulators, relief valves, Type OSE Slam-Shut Valve (if required by Peoples) and any other equipment necessary to avoid excessive pressure in Peoples' and/or Customer's line. Customer shall be solely responsible for all costs and charges associated with monitoring, ensuring and maintaining the quality of Gas delivered into Peoples' System and all costs associated with quality remediation. Peoples shall have access to facilities and all devices and shall have the right, but not the obligation, to operate such facilities and devices.

7.02 **Customer Facilities Costs.** Customer shall be solely responsible for all costs and charges associated with monitoring, ensuring and maintaining the safe and reliable operation of pipeline, measurement, compression, regulation, dehydration, and any other appurtenant facilities, which are upstream of the Interconnect Facilities. Peoples reserves the right to refuse receipts and/or deliveries through the Interconnect if Peoples, in its sole judgment, deems the operation of these facilities to be unacceptable.

7.03 **Royalty Payments.** Customer shall be solely responsible for all royalty, overriding royalty, and working interest payments attributable to Gas delivered to Peoples under this Master Agreement. In no event shall Peoples be obligated to make any royalty, overriding royalty, or working interest payments for Gas purchased under this Master Agreement.

ARTICLE VIII
ADDITIONAL WELLS

8.01 **Completion of Wells.** No well shall be added to any existing Receipt Point(s) without first obtaining the prior written consent of Peoples. All requests for new well additions shall be accompanied by a well plat, completion report, estimated flow rate and gas quality sample, at the meter, and/or at the new well location, to evaluate the feasibility of adding the new well to the existing Receipt Point(s). Peoples reserves the right, at its sole discretion, to request other information concerning the new well.

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8.02 **Introduction of Well Gas.** At the time of introduction of Customer's well Gas into Peoples' System, a Peoples' representative shall operate the valves at the meter. During this operation, Customer shall provide experienced personnel at the well site.

8.03 **Customer's Facilities.** Customer shall promptly furnish the pipe, and shall construct and place in operation a suitable gathering pipeline to connect those wells currently or subsequently dedicated under this Master Agreement to Peoples' System, or any other system designated by Peoples, at the Receipt Point(s). Customer's gathering pipeline shall be cleared of all debris and obstructions before it is connected at the Receipt Point(s). Customer shall install all drips complete with automatic shut off and other devices necessary to separate fluids from the Gas in Customer's gathering pipelines. Customer shall operate such drips and other devices so that all Gas delivered under this Master Agreement will meet at all times Peoples' gas quality specifications set forth in Article IX or Peoples' transporter's gas quality specifications. Peoples shall have access to such drips and other devices and shall have the right, but not the obligation, to operate such drips and other devices.

8.04 **New Well Costs.** Customer shall be solely responsible for all costs associated with drilling, operating, and connecting new wells including, but not be limited to, hook-up fees; usage fees; all costs associated with the construction of gathering lines, tie-in lines, drip lines, measurement, compression, regulation and connection facilities; and all costs attributable to rentals, except as otherwise provided in this Master Agreement.

8.05 **General.** Customer shall equip each well, located upstream of Receipt Point(s), with a valve suitable for gauging the pressure of Gas in the well. Peoples may gauge such pressure at all reasonable times during the term of this Master Agreement. The wells located upstream of Receipt Point(s) shall remain continuously connected to Customer's gathering lines for production deliveries, except to the extent that disconnection is required for well repairs. Customer's Gas which is governed by an Exhibit A for the purchase of Gas cannot be diverted to other buyers without the express written consent of the Peoples. Customer shall operate such wells in a reasonable and prudent manner at all times and shall keep such wells in good condition by bailing, swabbing, etc., to maximize the production of Gas.

8.06 **Timing of Well Repairs.** To the extent possible, Customer shall make all necessary well repairs between May 1 and October 31 of the calendar year.

8.07 **Notice of Well Repairs.** Customer shall advise Peoples in writing at least fifteen calendar (15) days before taking any well located upstream of Receipt Point(s) out of production for repairs which are anticipated to last for more than seven calendar (7) days. After Customer has completed all repairs, Customer shall immediately reconnect the well to Peoples' pipeline system and resume production, subject to authorization for turn-in by Peoples' field personnel.

ARTICLE IX
PRESSURE, GAS QUALITY AND HEATING VALUE

9.01 **Regulation.** Peoples may require regulation and shall require over-pressure protection at the Receipt Point(s) under this Master Agreement. Such regulation shall maintain delivery pressures suitable to pressures in Peoples' System. Peoples shall specify and/or approve the type of regulators to be used and shall specify pressure ranges, and operating settings. All costs associated with such equipment, including installation costs, shall be the Customer's responsibility and any such costs paid by Peoples shall be reimbursed by Customer through the Construction and Installation Fee.

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9.02 **Compression.** Customer shall not use any mechanical means or accessory equipment to pump or compress Gas to aid its delivery into Peoples' System without first obtaining and executing the Peoples' standard Compression Agreement.

9.03 **Pressure in Peoples' System.** Peoples makes no representations concerning the pressure, which will be maintained in its pipeline system from time-to-time or any other factors, which may affect the quantity of Gas, which Customer may be able to deliver to Peoples. Peoples has the right to upgrade, when necessary, pipeline operating pressures with no obligation to Customer other than providing notification of such matters.

9.04 **Gas Quality.** All gas delivered through an Interconnect into Peoples' System shall at all times meet or exceed the gas quality specifications set forth in Appendix B hereto, as well as any quality and heat content requirements established by the operator of the downstream pipeline system on which the gas is ultimately transported. Before Peoples permits any flow of any amount of gas into its system, Customer shall provide Peoples with a certified gas analysis from a Peoples-approved agency denoting that the gas proposed to be delivered into Peoples' System meets and/or exceeds those requirements. Peoples shall have the right to conduct a separate gas analysis for verification purposes.

9.05 **Siloxane.** All Gas delivered through an Interconnect into Peoples' System shall at all times meet, or exceed, the gas quality siloxane specifications set forth in Appendix B hereto, as well as any siloxane specifications established by any operator of the downstream pipeline system(s) on which the Gas is ultimately transported. Before Peoples permits any flow of any amount of Gas into the Peoples' system, Customer shall provide Peoples with a certified siloxane analysis from a Peoples-approved agency denoting that the Gas proposed to be delivered into Peoples' System meets and/or exceeds those requirements. Peoples shall require monthly siloxane analysis tests performed by the Customer and timely submitted to Peoples. Peoples shall have the right to witness siloxane sampling and witness custody of that sample from source to destination. In the event Customer does not provide siloxane analysis, Peoples reserves the right to shut-in the Interconnect until said analysis is provided.

In the event Customer Gas quality, including, but limited to, siloxane causes damage to Peoples System, equipment, downstream pipeline, downstream equipment, downstream customer pipeline and/or downstream customer equipment, the Customer will be responsible for all costs to remedy the damage.

9.06 **Temperature.** Gas delivered through an Interconnect into Peoples' System shall not exceed 100° F. Gas having a temperature greater than 100° F may be delivered into Peoples' System only upon prior written approval by Peoples.

9.07 **Monitoring.** After initial deliveries are received, Peoples reserves the right to periodically sample gas, or require Customer to acquire and install continuous, on-line monitoring equipment, at the facility in order to validate the gas quality. If the analysis indicates that Peoples gas quality specifications are not met, Peoples has the right to shut off the deliveries indefinitely until the Customer makes the necessary provisions to fully comply with the gas quality requirements and/or penalize Customer for non-conformance of this requirement.

9.08 **Gas Taken and Co-mingled.** Peoples shall accept Gas taken and measured at the Receipt Point(s) in accordance with this Master Agreement. Such Gas shall be taken in its natural state, except as otherwise provided in this Master Agreement, subject to any modification thereof required by this Master Agreement, at the pressure of the Gas flowing from Customer's facilities and discharging into Peoples' System, against the varying pressures from time to time maintained therein.

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ARTICLE X
MEASUREMENT FACILITIES

10.01 **Measurement Facilities.** Gas delivered to or received from Peoples' System through the Interconnect shall be measured at a site satisfactory to Peoples using measurement equipment designated by Peoples. The Parties acknowledge that all or some of the measurement and other appurtenant facilities required by this Master Agreement may not be in existence as of the date of execution of this Master Agreement. If the facilities required by this Master Agreement are not in existence as of the date of execution of this Master Agreement, the Parties shall work in good faith to install such facilities within ninety (90) days, or such other period as may be agreed to by the Parties in writing. The measurement facilities will be required to use electronic gas measurement (EGM), and the Customer is required to forward monthly EGM item trail(s) and audit trail(s) to one of Peoples' approved integration companies (which list of approved companies shall be maintained on the Peoples website) by the 28th of the month. The integration company will forward corrected volume(s) to Peoples once a month for processing of credit/payment. Customer is required to use the same integration company for both volume collection and meter testing. The measurement facilities shall be designed, installed, operated, maintained and owned by: (i.) Customer; or (ii.) Customer's designee as set forth in the Appendices. At any time after the termination of an Exhibit, Peoples shall have the right to remove its facilities associated with the Receipt Point(s) identified in the terminated Exhibit. Customer shall be solely responsible for and shall bear the full costs of delivering Gas to the Receipt Point(s). Customer shall not modify the measurement facilities without the prior written consent of Peoples.

10.02 **Pipeline Safety.** Customer agrees to operate, maintain, test, and repair the meter set as a prudent operator in accordance with 49CFR DOT Part 192, PAPUC Chapter 59, and all other applicable state regulations and requirements, applicable industry codes and standards at Customer's expense.

10.03 **Check Measurement.** Customer may install, maintain and operate, at its sole cost and expense, check measuring equipment; provided, however, that such equipment shall be installed in a manner that will not interfere with the operation of the measuring equipment required by this Master Agreement.

10.04 **Orifice Meters.** Orifice meters installed in such measuring stations shall be constructed and operated in accordance with American National Standard Institute ("ANSI") standards, American Petroleum Institute ("API") 2530, American Gas Association ("AGA") AGA Report No. 3, Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids, Second Edition, dated September 1985, and any subsequent modifications and amendments thereto.

10.05 **Positive Displacement Meters.** Positive Displacement Meters installed at the measurement site shall be constructed and operated in accordance with provisions of AGA Measurement Committee Report No. 6 (AGA Report No. 6) dated January 1971 and any subsequent amendment or revisions thereto.

10.06 **Turbine Meters.** Turbine Meters installed at the measurement site shall be constructed and operated in accordance with the provisions of AGA Measurement Committee Report No. 7 (AGA Report No. 7), First Revision, dated November 1984, and any subsequent modifications and amendments thereto.

10.07 **Ultrasonic Meters.** Ultrasonic Meters installed at the measurement site shall be constructed and operated in accordance with the provisions of AGA Measurement Committee Report No. 9 (AGA Report No. 9), dated June 1998 and any subsequent modifications and amendments thereto.

10.08 **Electronics.** When and where electronic equipment and flow computers are installed at the measurement site, the Gas may have its volume, mass and/or energy content determined and computed in accordance with the applicable industry standards including, but not limited to, API 21.1, AGA Report Nos. 3, 5, 6, and 7 and any subsequent modifications and amendments thereto.

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10.09 **Notice.** Peoples shall give reasonable notice to Customer in order that Customer may have representatives present to observe any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting of Peoples' measuring equipment used in measuring or checking the measurement of receipts or deliveries of Gas under this Master Agreement. The official charts (recordings) or electronic data from such measuring equipment shall remain the property of Peoples, but upon request Peoples will make the records and charts, together with calculations therefrom, available to Customer for inspection and verification.

10.10 **Testing and Calibration:**

- (a) Peoples shall have the right, at any time, to verify the accuracy of, and to adjust and calibrate all recording devices used in the measurement of Gas hereunder. Customer may request a special test be performed as described in Paragraph 10.11 below.
- (b) If during any test of the measuring equipment, an adjustment or calibration error is found which results in an incremental adjustment to the calculated hourly flow rate through each meter run in excess of two percent (2%) of the correct flow rate (whether positive or negative and using the correct flow rate as the percent error equation denominator), then any previous recording of such equipment shall be corrected to zero error in computing deliveries for any period during which the error existed (and which is either known definitely or agreed to by both parties) and the total flow for the period predetermined in accordance with the provisions of Paragraph 10.12 below. If the period of error cannot be determined or agreed upon between the parties, such correction shall be made over a period extending over the last one-half (1/2) of the time elapsed since the date of the latest test, not exceeding a correction period of six (6) months.
- (c) If, during any test of the measuring equipment, an adjustment or calibration error is found which results in an incremental adjustment to the calculated hourly flow rate which does not exceed two percent (2%) of the adjusted flow rate (as described in part (b) of this Paragraph), all prior recording shall be considered to be accurate for quantity determination purposes.
- (d) All equipment shall, in any case, be adjusted at the time of the test to record correctly.

10.11 **Special Test.** In the event Customer desires a special test (a test not scheduled by Peoples under the provisions of Paragraph 10.10(a) above) of any measuring equipment, seventy-two (72) hours advance notice, in writing, shall be given to Peoples and both parties shall cooperate to secure a prompt test of the accuracy of such equipment. If the measuring equipment tested is found to fall under the provisions of Paragraph 10.10(b) above or if an inspection of the primary measurement equipment indicates no problems, Peoples shall have the right to bill Customer for the cost of such special test including any labor, and other costs pertaining to such special test and Customer shall pay such costs.

10.12 **Measuring Adjustment.** If, for any reason, any measurement equipment is: (i) out of adjustment; (ii) out of service; or (iii) out of repair, and the total calculated hourly flow rate through each meter run is found to be in error by an amount of the magnitude described in Paragraph 10.10(b) above, the total quantity of Gas delivered shall be determined by Peoples in accordance with the first of the following methods which is, in Peoples' sole opinion, feasible:

- (a) by using the registration of any mutually agreeable check metering facility, if installed and accurately registering (subject to testing as described in Paragraph 10.10(a) above;

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- (b) where parallel multiple meter runs exist, by calculation using the registration of such parallel meter runs; provided that they are measuring Gas from upstream and downstream headers in common with the faulty metering equipment, are not controlled by separate regulators, and are accurately registering;
- (c) by correcting the error by re-reading of the official charts, or by straightforward application of a correction factor to the quantities recorded for the period (if the net percentage of error is ascertainable by calibration, tests or mathematical calculation); or
- (d) by estimating the quantity, based upon deliveries made during periods of similar conditions when the meter was registering accurately.

The estimated readings or deliveries so determined shall be used in determining the quantities of Gas delivered for any known or agreed upon applicable period. In case the period is not known or agreed upon, such estimated deliveries shall be used in determining the quantities of Gas delivered hereunder during the latter half of the period from the date of the immediately preceding test to the date the measuring equipment has been adjusted to record accurately. The recordings of the measuring equipment during the first half of said period shall be considered accurate in computing deliveries.

10.13 **Measurement Corrections.** If an error is discovered in the measured quantities, such error shall be adjusted within thirty (30) days of the determination thereof; provided, however, that any claim for adjustment shall be made within twenty-four (24) months of the production month in which the claimed error occurred. Such time limits shall not apply in the case of a deliberate act of omission or misrepresentation, or mutual mistake of fact.

10.14 **Termination.** If in Peoples' reasonable judgment, the Customer has tampered with the measurement equipment so as to misrepresent the actual volume of gas delivered through the Interconnect, Peoples has the right to immediately shut-in the Interconnect for an indefinite period of time. The Interconnect will remain shut-in until Peoples and Customer reach an agreement as to the most accurate volume of gas delivered during the period in question and the Customer provides restitution to the satisfaction of Peoples. If Peoples determines that measurement equipment has been tampered with, Peoples reserves the right to remove its facilities at the Interconnect and terminate this Master Agreement and any other agreement(s) between Customer and Peoples, or Peoples' affiliates.

10.15 **Data and Records Retention.** Peoples and Customer shall retain and preserve for a period of at least two (2) years all measurement data, original test data, charts, and other similar records, in such party's possession and shall provide requested documentation to the other Party upon thirty (30) days' written notice.

10.16 **Volume and Quality Determination.** The measurement of the quantity and quality of all Gas received and delivered hereunder shall be conducted in accordance with the following:

- (a) **Unit of Volume.** The unit of volumetric measurement shall be a standard cubic foot of gas at a pressure base of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute, a temperature base of sixty degrees (60°) Fahrenheit (five hundred twenty degrees (520°) absolute) and without adjustments for water vapor. The unit of volume for measurement shall be one (1) cubic foot of gas. Such measured volumes, converted to Mcf, shall be multiplied by their Gross Heating Value per cubic foot and divided by 1,000 to determine MMBtus received and delivered hereunder.

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- (b) Orifice Meter Volume Computations. Computations of Gas Volumes from measurement data shall be made in accordance with ANSI/API2530 (AGA Report No. 3), Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids, Second Edition, dated September 1985, and any subsequent amendments or revisions.
- (c) Positive Displacement Meter Volume Computation. Computation of Gas Volumes from data shall be in accordance with the AGA Measurement Committee Report No. 6 (AGA Report 6), dated January 1971, and any subsequent amendments or revisions.
- (d) Turbine Meter Volume Computations. Computations of Gas Volumes from data shall be in accordance with AGA Measurement Committee Report No. 7 (AGA Report 7), First Revisions, dated November 1984, and any subsequent amendments or revisions.
- (e) Ultrasonic Meter Volume Computations. Computations of Gas Volumes from data shall be in accordance with AGA Measurement Committee Report No. 9 (AGA Report 9), dated June 1998, and any subsequent amendments or revisions.
- (f) Electronic Devices and Flow Computers Volume Computations. Computation of Gas Volumes from data or devices shall be in accordance with API 21.1, AGA Measurement Committee Report Nos. 3, 5, 6, and 7 and any subsequent amendments or revisions.
- (g) Assumed Atmospheric Pressure. In connection with the use of any type of measuring device, an atmospheric pressure of fourteen and four tenths (14.4) pounds per square inch shall be assumed, with no allowance for variation in atmospheric pressure. The flowing gas temperature may be recorded at Peoples' discretion. In the absence of a flowing gas temperature recorder, a temperature of sixty degrees (60°) Fahrenheit will be assumed.
- (h) Gross Heating Value. At least yearly, the Gross Heating Value of the gas stream at each of the Interconnects hereunder shall be determined by calculating the Gross Heating Value from an in-line chromatograph or a gas analysis of a spot or continuous gas sample. The spot or continuous sample shall be taken at a suitable point on the facilities to be representative of the Gas being analyzed.
- (i) Other Tests. Other tests to determine water content, sulfur, and other impurities in the Gas shall be conducted by Peoples as necessary and shall be conducted in accordance with standard industry testing procedures.
- (j) New Test Methods. If at any time during the term hereof, a new method or technique is developed with respect to gas measurement, such new method or technique may be substituted for the method set forth in this Article when such methods or techniques are in accordance with the currently accepted standards of the American Gas Association, if mutually agreed upon by the parties.

10.17 Right of Inspections. Peoples or Customer shall have the right to inspect equipment installed or furnished by the other or third party operators and the charts and other measurement or testing data of all such parties at all times during business hours; but the reading, calibration and adjustment of such equipment and changing of charts shall be done by Peoples, or its designee, unless agreed to otherwise by the parties.

10.18 Low Volumes for Receipt Points.

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- (a) In the event that Customer does not deliver to Peoples an average of ten (10) Dekatherms of Gas per Day at each Receipt Point, during any ninety (90) consecutive day period, then Peoples may, at its sole discretion, terminate the Master Agreement, and remove its facilities, as it relates to such Receipt Point(s) by giving Customer notice in writing thirty (30) days prior to the effective date of termination.
- (b) In the event that the amount of Gas, or the quality of Gas, passing through any Receipt Point(s) is less than the facility minimum design requirements for accurate measurement, Peoples shall have the right to shut-in service from Customer until: (i) Customer has provided adequate supply to meet such design requirements and has proven to Peoples that such volumes exist; and/or (ii) the metering and related facilities have been redesigned and installed for the effective and efficient measurement of the revised volumes within the accuracy allowed and required by Peoples.

ARTICLE XI TERM

11.01 **Term.** This Term of this Master Agreement shall become effective upon its execution by both Parties and shall continue in full force and effect for a period of ten (10) years thereafter (“Master Agreement Term”), unless earlier terminated as provided herein. At the end of the Master Agreement Term, the Master Agreement shall automatically renew on a month-to-month basis until terminated by either party upon thirty (30) days’ prior written notice to the other party.

The term of service for each specific Receipt Point shall be as set forth in Exhibit A (the “Service Term”). To the extent that the Service Term for any specific Interconnection extends beyond the Master Agreement Term, then the Master Agreement shall remain in full force and effect for the specific Interconnection until the expiration or termination of the applicable Service Term.

The obligations of Customer to indemnify Peoples pursuant hereto shall survive the termination or cancellation of this Master Agreement and the Exhibits. Termination of this Master Agreement will result in the termination of all Exhibits and the disconnection of all Receipt Points governed by Exhibit A’s. Costs associated with disconnection will be the responsibility of the Customer.

Upon termination of this Master Agreement, Peoples shall have the right to remove all of its facilities from the Receipt Point(s) identified in the Exhibit A’s hereto.

ARTICLE XII BILLING AND PAYMENT

12.01 **Quantities Deemed Conclusive.** Peoples’ statement of the total quantity of Gas received from the Customer during any month shall be deemed conclusive unless Customer forwards an objection to Peoples in writing within sixty (60) days after the receipt of Peoples’ statement.

12.02 **Withholding Payments.** In the event of any adverse claim to or against the proceeds of this Master Agreement or any Gas delivered under this Master Agreement, or any part thereof, or against the proceeds of any other contract that Peoples, or its affiliate(s) has with Customer, is made by any person, Peoples may refuse to receive Gas under this Master Agreement, as the case may be, until the dispute is settled by agreement between Customer and such adverse claimant or by a final decree of a court of competent jurisdiction. If Customer fails to comply with any of the covenants or terms herein contained, Peoples may immediately withhold, without liability for interest, all payments due to Customer under the terms of this Master Agreement.

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12.03 **Adjustments.** In the event that Peoples mistakenly overpays or underpays Customer for Gas purchased under this Master Agreement, and such overpayment or underpayment is the result of a mistake of law or fact, miscalculation, coercion, duress, fraud, governmental or regulatory constraint, then Customer or Peoples, as the case may be, shall promptly, upon demand by the other Party, make appropriate refund or adjustment in such overpayments or underpayments, without liability for the payment of any interest by either Party; provided, however, that the obligation of either Party to make restitution under this Master Agreement shall be limited to mistaken payments made within the period commencing four (4) years prior to the date on which demand for refund or adjustment is made. In the event of Customer's refusal or inability to refund any overpayments, Peoples may withhold payment for Gas purchased under this Master Agreement or any other contract between Peoples, or its affiliates, and Customer in an amount equivalent to the overpayment, without liability for the payment of any interest on the amount withheld. Nothing in this Master Agreement shall be construed as a waiver or relinquishment by Peoples or Customer of its rights to recover any such overpayments or underpayments.

ARTICLE XIII
FAILURE TO PERFORM

13.01 **Suspension.** If Customer fails to comply with any of the covenants contained in this Master Agreement, or any other agreement between Customer and Peoples, or Peoples' affiliate(s), Peoples may refuse to allow Gas to flow through the Interconnect until, in Peoples' sole opinion, Customer is fully complying with all of the terms and conditions of this Master Agreement. Peoples, in its sole judgment, shall have the right to shut-in the Interconnect immediately if equipment is not operating properly, an overpressure condition exists, design limitations are exceeded, or safe operating conditions are compromised. Furthermore, Peoples has the right to keep the Interconnect shut-in until the Customer makes the necessary provisions to rectify the situation. If the abnormal conditions repeatedly arise, Peoples has the right to shut-in the Interconnect indefinitely and/or to terminate this Master Agreement.

Customer shall reimburse Peoples for any damages caused by Customer failing to comply with any of the covenants contained in this Master Agreement, including payments made by Peoples to other affected customers in settlement of claims arising out of such service. To the extent any damages required to be paid hereunder are liquidated, the parties acknowledge that the damages are difficult or impossible to determine, otherwise obtaining an adequate remedy is inconvenient and the liquidated damages constitute a reasonable approximation of the harm or loss.

If litigation results from any dispute between Customer and Peoples, Peoples may pay any money withheld under this Master Agreement to a court of competent jurisdiction without any further liability, or may interplead all claimants, including Customer. Customer shall reimburse Peoples for all costs incurred associated with such litigation, including, but not limited to, attorneys' fees.

13.02 **Damages.** IN NO EVENT WILL EITHER PARTY BE LIABLE OR RESPONSIBLE FOR, EITHER UNDER THIS ARTICLE XIII, UNDER ANY THEORY OF LIABILITY OR UNDER ANY OTHER TERM OR PROVISION OF THIS MASTER AGREEMENT, FOR ANY LOSS OF PROFITS, LOSS OF BUSINESS, INTERRUPTION OF BUSINESS OR FOR INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OF ANY KIND, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

13.03 **Indemnity.** Customer agrees to indemnify, hold harmless and provide a defense for Peoples, its officers, directors, affiliates, agents, employees and contractors against any liability, loss or damage whatsoever (including, without limitation, claims for royalties, taxes, fees or other charges) occurring in connection with or relating in any way to: (i) breach of this Master Agreement by Customer; (ii) the negligence, willful misconduct or other tortious act(s) or omission(s) by Customer, its officers, directors,

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affiliates, agents, employees or contractors; (iii) the Gas prior to its delivery to Peoples at the Interconnect; and/or (iv) the Gas to the extent the claim, liability, or damage arises as a result of the quality of the Gas delivered by Customer or other condition of the Gas. Such indemnification shall include, but not be limited to, all costs and attorneys' fees, whether or not such liability, loss or damage results from any demand, claim, action, cause of action, or suit brought by Customer or by any person, association or entity, public or private, that is not a party to this Master Agreement.

13.04 **Shut-In Remedy.** In any instance set forth in the Master Agreement in which Peoples has the right to shut-in a Receipt Point(s), Peoples shall further have the right to remove its facilities associated with the Receipt Point(s) and terminate this Agreement if whatever action resulted in the shut-in has not been remedied in the amount of time set forth in this Master Agreement, or if no exact time is set, within a reasonable timeframe as determined by Peoples.

ARTICLE XIV REGULATORY APPROVALS

14.01 **Initial Regulatory Filing Requirements.** Both Peoples and Customer are responsible for identifying and obtaining any governmental and/or regulatory approvals that may be required for construction and operation of the facilities contemplated by this Master Agreement.

14.02 **Changes in Regulation Results in Material Adverse Effect.** If any other governmental agency, whether state or federal, takes any action or issues any determination that directly or indirectly results in a material adverse change to any provision of this Master Agreement, then the materially adversely affected Party (hereinafter "Affected Party") may either:

- (a) continue to fulfill its obligations under this Master Agreement as altered by the change in regulation; or
- (b) seek to renegotiate the affected terms of this Master Agreement by giving notice to the other Party within thirty (30) days of the material adverse change. If the Affected Party elects to renegotiate the terms of this Master Agreement, both Parties shall be obligated to renegotiate in good faith.

ARTICLE XV GENERAL REPRESENTATIONS AND WARRANTIES

15.01 **Customer's General Representations and Warranties.** Customer makes the following general representations and warranties:

- (a) Customer is duly organized, validly existing, and in good standing under the laws of the state in which it is organized and/or has full power and authority to execute and deliver this Master Agreement and to perform its obligations hereunder;
- (b) Customer holds all necessary corporate authorizations and by the execution and delivery of this Master Agreement will not violate its Articles of Incorporation, Limited Liability Company Agreement or other applicable governing agreement or any applicable laws or regulations;
- (c) There is no litigation, investigation, administrative proceeding or other action existing, pending, or threatened that would materially adversely affect the ability of Customer to fulfill its obligations under this Master Agreement;

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- (d) Customer's signatories possess authority to execute this Master Agreement such that a legal, valid, and binding obligation enforceable against Customer is created; and
- (e) Customer shall be deemed to be in control and possession of the gas hereunder until it shall have been delivered to Peoples at the Receipt Point. Customer assumes the full cost and expense, as well as full and complete liability and responsibility, for collecting, gathering, and transporting the gas to the Receipt Point hereunder at the quality hereinafter specified.

15.02 **Peoples' General Representations and Warranties.** Peoples makes the following general representations and warranties:

- (a) Peoples is duly organized, validly existing, and in good standing under the laws of the state in which it is organized and/or has full power and authority to execute and deliver this Master and to perform its obligations hereunder;
- (b) Peoples holds all necessary corporate authorizations and by the execution and delivery of this Master Agreement will not violate its Articles of Incorporation, Limited Liability Company Agreement or other applicable governing agreement or any applicable laws or regulations;
- (c) There is no litigation, investigation, administrative proceeding or other action existing, pending, or threatened that would materially adversely affect the ability of Peoples to fulfill its obligations under this Master Agreement; and
- (d) Peoples' signatories possess authority to execute this Master Agreement such that a legal, valid, and binding obligation enforceable against Customer is created.

ARTICLE XVI ASSIGNMENT

16.01 **Assignment of this Master Agreement.** This Master Agreement shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Master Agreement shall run for the full term of this Master Agreement. No assignment of this Master Agreement, in whole or in part, will be made without the prior written consent of the non-assigning party, which consent will not be unreasonably withheld or delayed; provided, either party may transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any transfer and assumption, the transferor shall not be relieved of or discharged from any obligations hereunder.

Customer shall give prompt notice in writing to Peoples of any sale or assignment or other disposition of all or any part of its interest in the wells hereinbefore described and covered by this Master Agreement and Exhibit(s). Customer shall furnish to Peoples copies of any relevant documents evidencing the transfer or assignment of said Customer's interest. Until said notice and relevant documents have been given and furnished to Peoples, Peoples may shut-in the Interconnection Site hereunder, and/or escrow any payments required hereunder, without liability. In the event that Customer fails to promptly provide said notice and relevant documents, Peoples shall have the right to terminate this Master Agreement, and/or any Exhibits, upon fifteen (15) days' notice.

ARTICLE XVII NOTICE

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17.01 **Notices.** Following execution and activation of this Master Agreement, all communications, invoices and payments ("Notices") required hereunder may be sent by facsimile, a nationally recognized overnight courier service, hand delivered or first class U.S. mail.

Peoples 375 North Shore Drive Pittsburgh, PA 15212 Attention: Director of Gas Supply Phone: 412-258-4503 Facsimile: 412-258-2905	PRODUCER ADDRESS Attention: Phone: Facsimile: Email:
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With a copy to:
Peoples
375 North Shore Drive
Pittsburgh, PA 15212
Attention: Senior Counsel

17.02 **Receipt of Communications.** Any notice required or permitted under this Master Agreement shall be in writing. Notice shall be deemed to have been received: (i) when transmitted by facsimile ("FAX") transmission, upon the sending Party's receipt of its facsimile's confirmation thereof; (ii) when sent by overnight mail or courier, on the next business day after it was sent or such earlier time as is confirmed by the receiving Party; (iii) when delivered by hand, at the time it is delivered to an officer or to a responsible employee of the receiving Party; and (iv) when delivered via First Class Mail, two (2) business days after mailing. Any FAX communication shall be promptly confirmed by mail. Either Party may change its address, telephone number, or FAX number at any time by promptly giving notice of such change to the other Party. Either Party may modify any notice information specified above by written notice to the other Party.

ARTICLE XVIII MISCELLANEOUS

18.01 **Choice of Law.** This Master Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the State's conflict of laws principles. This Master Agreement shall be deemed to have been executed in Pennsylvania.

18.02 **Construction of this Master Agreement.** No presumption shall operate in favor of or against either Party as a result of any responsibility either Party may have had for drafting this Master Agreement.

18.03 **Execution.** This Master Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. As used herein, the singular of any term shall include the plural.

18.04 **Captions.** The article and section captions of this Master Agreement are for purposes of reference only and shall not affect the meaning of any provision of this Master Agreement.

18.05 **Amendments.** This Master Agreement may only be amended or modified by written instrument signed by the duly authorized representatives of Customer and Peoples.

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18.06 **Severability.** If any provision of this Master Agreement is held by any court of competent jurisdiction to be illegal, invalid, unenforceable, or in conflict with any law of the Commonwealth of Pennsylvania, the validity of the remaining provisions of this Master Agreement shall not be affected, and the rights and obligations of the Parties shall continue in full force and effect to the full extent permitted by law. If any provision of this Master Agreement is held invalid, illegal, unenforceable or in conflict with any Pennsylvania law, the Parties shall meet promptly and negotiate in good faith a replacement provision to effectuate the intent of the Parties.

18.07 **Confidentiality.** This Master Agreement and all notices, statements, correspondence, and other communications or documents relating to the negotiation and administration of this Master Agreement are non-public, confidential, and proprietary ("Proprietary Information"). Each Party shall keep such Proprietary Information strictly confidential for a period ending two (2) years after the expiration or termination of this Master Agreement, except as may be required to comply with any statute or order of a court or government agency having subject matter jurisdiction, the Parties shall not disclose, reveal or divulge any Proprietary Information to any person or entity without the prior written consent of the other Party.

18.08 **Audits.**

- (a) **Accounting Audits:** Peoples shall have the right to audit Customer's accounting records and other documents relating to materials delivered by or on behalf of Customer for Peoples' account for any calendar year within the twenty-four (24) month period following the end of such calendar year. This provision shall continue in full force and effect for a period of twenty-four (24) months from the effective date of termination of this Master Agreement.
- (b) **Field Audits:** Customer gives Peoples permission to periodically come onto Customer's property in order to audit the facility to determine if it is in compliance under the terms of this Master Agreement. Permission for ingress/egress includes personnel, vehicles, and other equipment deemed necessary by Peoples. Peoples shall have permission to perform all operating and maintenance functions associated with verifying the integrity and functionality of equipment, piping, and appurtenances. If, in Peoples' judgment, modifications are necessary in order to assure proper operation of the equipment, Peoples has permission to remove and/or replace pipe, fittings, and equipment at Peoples' discretion and at the expense of the Customer.

18.09 **Waiver.** Any waiver by either Party of performance due by the other Party under the terms of this Master Agreement shall not operate as a waiver of any or all of such Party's rights with respect to all prior or subsequent obligations of the other Party.

18.10 **Incorporation of Appendices.** Each Appendix hereto is made subject to the terms and conditions hereof, and is fully incorporated into this Master Agreement by reference.

18.11 **Entire Agreement.** The entire agreement between the Parties shall include those provisions contained in this Master Agreement and any effective Appendices (collectively "Agreement"). In the event of a conflict between the terms of any Appendix and the terms of this Master Agreement, the terms of the Appendix shall govern.

18.12 **Force Majeure** In the event either party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Master Agreement, other than demand payments of amounts due hereunder, then the obligations of such party, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused. However, the party claiming the existence of force majeure shall use all reasonable efforts to remedy any situation, which may interfere with the

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performance of its obligations hereunder. The term "Force Majeure" as used herein, and as applied to either party hereto, shall mean acts of the law, acts of God, strikes, lockouts, or other labor disturbances, acts of the public enemy, war, blockades, insurrections, riots, epidemics, fires, floods, washouts, arrests, and restraint of rulers and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, freezing of wells or pipelines, partial or entire failure of such wells, or any other cause, whether of the kind herein enumerated, or otherwise, not reasonably within the control of the party claiming suspension. It is understood that settlement of strikes, lockouts, or labor disturbances shall be entirely within the discretion of the party having the difficulty and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or labor disturbances by acceding to the demands of the opposing party when such course is inadvisable in the discretion or judgment of the party having the difficulty.

This Master Agreement, as amended from time to time, constitutes the entire agreement between the Parties and supersedes all previous offers, negotiations, understandings and agreements between the Parties with respect to the subject matter hereof. There are no agreements, modifications, conditions or understandings, written or oral, expressed or implied, pertaining to the subject matter of this Master Agreement which are not contained in this Master Agreement.

IN WITNESS WHEREOF, Peoples and Customer have duly executed this Master Agreement to be effective as of the day and year first written above.

PEOPLES NATURAL GAS COMPANY LLC

PRODUCER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

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APPENDIX A TO MASTER INTERCONNECT AGREEMENT
MINIMUM ENGINEERING & TECHNICAL SPECIFICATIONS

SECTION I
DESIGN OF INTERCONNECT FACILITIES

1.01 **General.** Customer shall be responsible for all aspects of the design and construction of the Interconnect, subject to the terms and conditions of the Master Agreement, unless specifically noted otherwise by Peoples. Customer shall be responsible for maintaining the Interconnect equipment to the specifications set forth in the Master Agreement, including all Appendices and Exhibits. Peoples reserves the right to inspect the Interconnect Facilities to ensure they comply with the specifications and are operable. In the event the Interconnection Facilities do not meet with the specifications or are inoperable, the Interconnect may be shut-in until the Customer remedies the deficiency(ies).

1.02 **Materials.** All material and equipment furnished for the Interconnect Facilities shall be new and shall satisfy: (i) the generally accepted industry standards; and (ii) the specifications set forth in this Appendix.

1.03 **Site/Land Acquisition**

- (a) Customer shall provide Peoples with the necessary rights-of-way, permits, and related surface rights including the rights of ingress, egress and regress necessary for Peoples to access the Interconnect Facilities. Customer shall also provide, if required, a right of way necessary for the tie-in of proposed Interconnect facilities to existing Peoples-owned facilities that is free of all costs and from all claims and liabilities for damages arising out of installation or the construction of the facility.
- (b) Customer and Peoples must agree beforehand to the location of the Interconnection as well as the final tie-in location.
- (c) Customer shall satisfy itself as to the character and types of surface and subsurface materials to be encountered in construction of the Interconnect.
- (d) Customer's right-of-way shall be cleared of all debris and obstructions before the Interconnect Facilities are tied into the Peoples' facilities.
- (e) The Interconnect Facilities shall be readily accessible, located in an area that is not susceptible to vehicular or other damage but as near as practical to the final tie-in point. Peoples reserves the right to require that the Interconnect be enclosed within a locked fence or building.
- (f) The meter set shall be readily accessible, located in an area that is not susceptible to vehicular or other damage but as near as practical to the final tie-in point, and be enclosed within a locked fence or building.
- (g) All costs associated with Customer's obligations under this section shall be the Customer's responsibility and any such costs paid by Peoples shall be reimbursed by Customer through the Construction and Installation Fee.
- (h) To the extent that Peoples is at any time required to pay for such rights-of-way or such costs or claims or liabilities, then such amounts and related expenses shall be incorporated within the Initial Construction and Installation payment made under this Master Agreement.

1.04 **Responsibility for Interconnect Facility Equipment.** The following table establishes the design, construction, operation, maintenance and cost responsibility for certain aspects of the Facilities. All of the following design specifications designated as the Customer's responsibility shall be incorporated into the

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design and construction of the Receipt Point at Customer's sole cost unless waived by Peoples. The Parties specifically agree that the design specifications identified in this Section 1.04 shall not apply to any Receipt Point(s) already constructed and operating as of the date this Agreement is executed, unless Peoples provides at least sixty (60) days advance notice to Customer detailing required modifications to the existing Receipt Point(s).

RECEIPT POINT SPECIFICATIONS							
STATION EQUIPMENT	RE-UIRED	DESIGN	INSTALL	OWNER-SHIP	OPERATE	MAINTAIN	SPECIAL PROVISIONS/EQUIPMENT SPECS.
PIPING							
Pipeline-Tap & Valve	Yes	P	P	P	P	P	
Inlet & Station Piping	Yes	P	P	P	P	P	Pipeline prior to the Slam Shut Valves
Outlet & Station Piping	Yes	C	C	C	C	C	Pipeline after the Slam Shut Valves
GAS CONDITIONING							
Filter Separator	TBD	C	C	C	C	C	
Liquid Level Shutoff	Yes	C	C	C	C	C	
MEASUREMENT							
Meter & Meter Runs	Yes	C	C	C	C	C	
Meter & Flow Control Risers, Valves, etc.	Yes	C	C	C	C	C	
Electronic Measurement	Yes	C	C	C	C	C	
GAS QUALITY							
Chromatograph	TBD	TBD	TBD	TBD	TBD	TBD	
Continuous Sampler	TBD	TBD	TBD	TBD	TBD	TBD	
H2O Dew Point Analyzer	TBD	C	C	C	C	C	
PRESSURE / FLOW CONTROL							
Primary Pressure Control	Yes	C	C	C	C	C	Regulators
Overpressure Device	Yes	C	C	C	C	C	Regulators
Slam Shut Valve	TBD	P	P	P	P	P	
Emergency Valve	TBD	P	P	P	P	P	
Flow Control Valve	TBD	TBD	TBD	TBD	TBD	TBD	
Heat	TBD	TBD	TBD	TBD	TBD	TBD	
Check Valve	Yes	C	C	C	C	C	
ODORIZATION							
Odorizer & Controls	TBD	C	C	C	P	C	
MISCELLANEOUS							
Communication service	TBD	P & C	P & C	P & C	P & C	P & C	Each maintain own communication service
Electrical Service	TBD	C	C	C	C	C	

P = Peoples; C = Customer

TBD = To be determined at the Design Specification Stage per Section 4.01 of the Agreement.

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1.05 **Inlet Filter.** Filter/filter-separator facilities installed upstream of the Interconnect Facilities at receipt interconnects must be considered and based upon specific gas analysis.

1.06 **Freeze Prevention.** In circumstances where heavier hydrocarbons and/or water vapor may be present within the gas stream, Customer shall incorporate freeze protection measures into the design of the Interconnect Facilities. The method and design of the freeze protection measures shall be submitted to the Peoples for approval and no construction shall commence until such time as Customer receives written approval from Peoples. If Customer's freeze protection measures involve the use of natural gas for fuel, then the tap for such fuel supply line shall be made upstream of the Interconnect, such that Customer bears the costs of the fuel. Freeze protection measures which may be acceptable to Peoples include the following:

- (a) Methanol Injection – should be installed downstream of meters
- (b) Catalytic heaters / heat trace - for regulator bodies
- (c) Indirect water bath heaters – for large pressure cuts and large flow volumes
- (d) All gas provided and delivered to Peoples shall have a temperature of no less than 45° F.

1.07 **Regulating and Overpressure Protection.** Peoples may require regulation and shall require over-pressure protection for Receipt Point(s) under this Master Agreement. Such regulation shall deliver pressures suitable to pressures in Peoples' System. Peoples shall specify and/or approve the type of regulators to be used and shall specify pressure ranges, and operating settings. Customer will contract with one of the approved vendors to perform annual inspection and lock up test of each regulating and overpressure device, and provide inspection reports to Peoples.

- (a) A primary pressure-limiting device shall be required whenever the Peoples' System has the possibility of realizing pressures exceeding the Peoples facility MAOP.
- (b) Overpressure protection devices shall be set such that pressures may not exceed the maximum allowable operating pressure for the facility into which Customer is delivering Gas.
- (c) Overpressure protection devices must be designed to prevent a single incident from affecting the operation of the Interconnect.
- (d) Security valves, monitor regulators, or control valves should be used for overpressure protection.
- (e) Overpressure protection devices shall consist of a stand-alone valve operating on a pneumatic signal taken directly from the pipeline.
- (f) If pilot loaded valves are used, the pilots shall not bleed when they are not operating. Pilot bleeds should be routed to downstream piping.

1.08 **Control Valves**

- (a) Control valves shall be sized using the highest flow rate compounded with the lowest delivery pressure.
- (b) All flow control valves should be installed to fail in the open position or in the last set positions, as applicable.
- (c) Peoples shall approve the type and brand of control valve.

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- (d) Downstream taps for pressure control valves shall be noted on detail drawings, and shall also possess a pressure transducer for stations designed with telemetry.

1.09 **Miscellaneous Valves and Piping**

- (a) Blow-down valves shall be installed to provide for venting of all sections.
- (b) Meter header piping shall be sized for 1.5 times the total combined area of the total meter runs.
- (c) Isolation valves will be installed on either side of regulators, meters, and control valves.
- (d) Piping shall be Standard Weight unless approved otherwise by Peoples.

1.10 **Emergency Valve.** The design and installation shall include an emergency valve (ball valve preferred) located at least twenty-five (25) lineal feet (point to point) but not to exceed fifty (50) lineal feet from the tie-in with Peoples' pipeline facilities. The emergency valve shall be readily accessible, easily operated, and sufficiently marked for quick identification.

1.11 **Peoples Tie-in and Tap Sizing.** Peoples shall provide for the sizing and actual installation of tap for tie-in of Interconnect to Peoples facilities. Customer shall provide data necessary for the sizing of the tap.

1.12 **Gas Chromatograph.** Auxiliary equipment may be required for measurement of Btu variations. Peoples shall have the final decision as to the type of gas analysis required.

1.13 **Dehydration.** Gas received by Peoples at interconnects shall contain no free liquids. Peoples has the right to discontinue and/or terminate any Interconnect where gas delivered contains free liquids.

1.14 **Dew Point Tester.** When deemed necessary by Peoples, Customer shall incorporate an on-line dew point tester as part of the Interconnect Facilities. The unit shall be set such that any gas volumes detecting water content levels in excess of contractual specifications shall result in the automatic closure of an in-line valve thereby preventing further delivery of gas into system. Valve shall remain closed until an acceptable water moisture content of the gas can be provided.

1.15 **Corrosion Coupon Tap.** When specified by Peoples, Customer shall provide for an in-line valve tap for installing corrosion coupons.

1.16 **Check Valve.** All interconnects shall be installed with a check valve of some type so as to assure gas flows in the direction proposed by this Master Agreement. Customer will contract with one of the approved vendors to perform annual inspection of each check valve, and provide inspection report to Peoples.

1.17 **Building, fences, and site security**

- (a) Buildings, or shelters, shall be provided to protect electronic gas measurement and control equipment, as well as to act as noise barriers, protection from damage, and for meeting compliance with local ordinances. All buildings, shelters, fences, or the like, shall be designed to permit safe access around all facility piping and equipment. Designs for buildings, shelters, fences, or the like shall be submitted to Peoples' approval prior to installation or modification.
- (b) Unless waived by Peoples, all interconnect sites shall be fenced, consisting of chain link fencing eight feet (8') in height complete with three (3) strands of barbed wire, and at a minimum; one pedestrian gate and one truck gate installed at opposing ends of the site.
- (c) The site selected must be large enough to hold all equipment and accommodate all activities required for normal and maintenance operations.

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- (d) Proper signage shall be provided and maintained by the customer.
- 1.18 **Power and telephone.** If required, Customer shall provide electric power and telephone at site.

SECTION II
INSTALLATION, TESTING, and INSPECTION

2.01 **Testing**

- (a) All facilities shall be tested in accordance with specifications provided by Peoples. Peoples shall specify minimum test pressure and test duration. Tests shall be conducted using a recording chart of which Peoples shall receive the original or a clear copy of the original test chart.
- (b) Peoples shall not activate the Interconnect until a copy (or original) of the test chart has been received and approved.

2.02 **Inspection**

- (a) Peoples reserves the right to inspect all facilities during installation.
- (b) Prior to startup of construction, three days' notice shall be provided to Peoples.
- (c) All girth welds must be 100% radiographically inspected and approved.
- (d) Customer shall be responsible for all expenses, including inspection by Peoples, relative to construction inspections of facility.

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APPENDIX B TO MASTER INTERCONNECT AGREEMENT
INSPECTIONS AND GAS QUALITY

SECTION I

ROUTINE INSPECTIONS OF INTERCONNECT FACILITIES

1.01 **Interconnect Maintenance.** Peoples shall have the right to periodically inspect Customer's records and the Interconnect Facilities to verify that all operating and maintenance functions are being performed effectively. If Customer cannot provide adequate documentation, or if Customer's operating and maintenance procedures are inadequate as determined by Peoples, Customer will have seventy-two (72) hours to produce proper documentation and/or revise inadequate procedures. If, after the seventy-two hour period, documentation is not provided and/or procedures are not modified, Peoples retains the right to take further action as it deems necessary including the right to shut-in the facility until adequate documentation/procedures have been verified and secured.

1.02 **Changes to Interconnect.** The Customer has an obligation to notify Peoples in writing 24 hours prior to changes to Customer Facilities that would impact the Interconnect Facility, Peoples Facility, or gas composition and Peoples shall have the right to reject changes to the facility. Peoples retains the right to take action as it deems necessary including the right to shut-in the facility in the event notification does not occur. The cost of any damages as a result of changes to Customer Facilities will be borne entirely by the Customer.

1.03 **Interconnect Operations.** Peoples shall have the right to shut-in the meter set immediately if equipment is not operating properly, an overpressure condition exists, design limitations are exceeded, or safe operating conditions are compromised. Furthermore, Peoples has the right to keep the meter shut-in until the Customer makes the necessary provisions to rectify the situation. If the abnormal conditions repeatedly arise, Peoples has the right to shut-in the meter set indefinitely.

1.04 **Interconnect Inspections.** Peoples shall have the right to inspect the Interconnect Facility including, but not limited to, the following: calibrate the meter; inspect regulators; inspect valves; and inspect and calibrate gas quality facilities. If during the course of these inspections, Peoples determines that installation procedures were not followed, equipment was not maintained, or equipment was modified to not comply with specifications established in this Master Agreement, Peoples has the right to shut-in the meter set until corrective actions by the Customer occur and additional inspections performed. If continued inspection violations occur, Peoples has the right to shut-in the meter set indefinitely.

1.05 **Meter Tampering.** If the Customer tampers with the measurement equipment so as to misrepresent the true volume of gas delivered or received at this meter set, Peoples has the right to immediately shut-in the meter set. It will remain shut-in until Peoples and Customer reach an amicable agreement as to the most accurate volume of gas delivered during the period in question. If Peoples determines that measurement equipment has been tampered with on a repeated basis, Peoples has the right to shut-in the production meter set indefinitely.

1.06 **Telemetry.** The electronic gas measurement and communications equipment installed as part of the Interconnect Facilities shall include equipment for monitoring, recording, and transferring data deemed essential by Peoples. Customer shall arrange for the electronic gas measurement and communications equipment to provide Peoples, at minimum, real-time information related to pressure, temperature, gas flow and gas quality (i.e., chromatograph). The Customer is required to maintain telemetry equipment (including replacing batteries; removing communication obstacles; and repairing equipment) to provide reliable communication to the Customer. If Peoples determines that telemetry equipment has not been maintained on a continuous basis, Peoples has the right to shut-in the production meter set indefinitely.

1.07 **Annual Interconnect Testing.** All interconnect facilities shall be inspected and tested by a Peoples approved testing company once each calendar year not to exceed fifteen (15) months from the previous inspections at Customer's expense. This annual inspection must be completed by technicians trained to operate

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pressure regulating equipment in accordance with the manufacturer's procedures and specifications. Peoples reserves the right to request documentation for regular testing and technician training. The annual testing shall include, but is not limited to the following equipment: Check Valve, Regulator(s) Lock-up test, Electronic corrector (EGM) calibration, meter calibration and spot sample gas analysis at the interconnect. All documentation and calibrations records must also be submitted annually to Peoples within thirty (30) days of testing. Peoples shall have the right to periodically inspect Customer's records to determine if interconnect facilities have been inspected and tested, as required by the Master Agreement. If Customer cannot provide documentation, within five (5) days of Peoples' request, Customer is required to immediately shut-in the Interconnection facility whose measurement and testing records are deficient, for a period of one week, or until the Customer can provide proof that the Interconnect Facility has been inspected and tested, and is working properly, whichever is longer. If Customer cannot provide documentation that its Interconnect Facility has been inspected and tested on additional occasions, Peoples retains the right to take further action at its discretion, including the right to require the shut-in of the applicable Interconnect for additional time periods. If Customer repeatedly violates this provision, Peoples has the right to permanently discontinue accepting gas from wells that Customer has dedicated to said Interconnect Facility.

SECTION II GAS QUALITY REQUIREMENTS

2.01 **General.** Before Peoples permits the flow of natural gas into the Peoples' System, Peoples shall analyze a sample of gas to verify that it is of marketable quality. Customer will contract with a Peoples approved vendor to perform annual gas quality sample analysis including but not limited to all constituents noted below and provide inspection report to Peoples. These specifications include, but are not limited to, the following:

- (a) Liquids – The gas shall be free of water and hydrocarbons in liquid form at the temperature and pressure at which the gas is delivered.
- (b) Moisture Content – Be dehydrated by Producer and shall not have water content in excess of seven (7) pounds of water per million cubic feet of gas measured at standard conditions of 14.73 psia and 60°F, unless otherwise approved by an authorized representative of Peoples. The moisture content of the gas shall be such that it is of marketable quality, and does not cause any safety or operational problems or other adverse effects on Peoples' System or any downstream systems to which the gas may flow. Customer will be advised of any additional or specific moisture content limits for the interconnect location, or of any changes in such limits, should they be required.
- (c) Hydrogen Sulfide – The gas shall not contain more than four (4) parts per million on a volumetric basis, or three-tenths (0.3) of a grain of hydrogen sulfide per one hundred (100) cubic feet.
- (d) Total Sulfur – The gas shall not contain more than 170 parts per million, on a volumetric basis, or ten (10.0) grains of total sulfur per one hundred (100) standard cubic feet.
- (e) Carbon Monoxide – The gas shall not contain more than one-tenth percent (0.1%) by volume of carbon monoxide.
- (f) Carbon Dioxide and Other Inerts – The gas shall not contain more than four percent (4%) by volume of total combined inerts such as carbon dioxide, nitrogen, argon, and helium; provided that the total carbon dioxide content shall not exceed two percent (2.0%) by volume.
- (g) Dust, Gums and Solid Matter – The gas shall be commercially free of dust, gums, gum-forming constituents, or other liquid or solid matter which might become separated from the gas in the course of transportation through pipeline.

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- (h) Gasoline - Not contain more than two-tenths (0.2) of a gallon of gasoline per one thousand (1,000) standard cubic feet unless otherwise approved by an authorized representative of Peoples.
- (i) Heating Value – Unless otherwise approved, in writing, by Peoples, the Gas delivered shall contain not less than 967 BTU per standard cubic foot and shall not exceed 1,100 BTU per standard cubic foot of natural gas calculated as the gross saturated value at 14.73 psia and 60° Fahrenheit, and a utilization factor of one thousand three hundred (1,300) plus or minus six percent (6%), the utilization factor being defined as that number obtained by dividing the heating value of the gas by the square root of its specific gravity. Gas accepted by the Company that contains less than 967 BTU per cubic foot will be enhanced to ensure that gas delivered by the Company to its end-use customers shall meet the heating value requirements set forth in applicable regulations, orders or laws. The Customer may be responsible for the costs of such enhancement.
- (j) Temperature – The temperature of the natural gas delivered into the Peoples’ System shall not exceed 100°F unless approved by an authorized representative of Peoples. The temperature shall not be less than 40°F as delivered to Peoples after passing through all regulation, measuring and over protection equipment.
- (k) Oxygen – The gas shall not contain more than 2,000 parts per million (0.2% of one percent) of oxygen by volume.
- (l) Bacteria – The gas, including any associated liquids, shall not contain any microbiological organism, active bacteria, or bacterial agent capable of causing or contributing to: (i) injury to Peoples’ pipelines, meters, regulators, or other facilities and appliances through which Customers gas flows; or (ii) interference with the proper operation of Peoples’ facilities. Microbiological organisms, including, but not limited to, sulfate reducing bacteria (SRB) and acid producing bacteria (ACB), when considered as a possibility, shall be tested for their existence utilizing the American Petroleum Institute test method API-R38 or other acceptable test method as determined by both parties.
- (m) Siloxane – On-going testing protocol:

Test Results, mg of SI / Nm ³	Action
≤ 0.4	November through February = once per week March through October = twice per month
0.40 - 0.60	Test daily until results are below 0.40
3 consecutive results ≥ 0.60 or a single test ≥ 1.0	Shut in gas until start-up conditions are re-established

2.02 Gas Odorant. Peoples will perform gas odorant tests to confirm that the Gas delivered at the Customer’s interconnect is properly odorized. If is found to have insufficient odor, then Customer will be required to purchase and install odorizing units and monitoring equipment according to Peoples’ specifications and as set forth herein. The Customer is also responsible for the maintenance of this facility including the costs of odorant supply needed to maintain a sufficient odor in all gas delivered at the Customer’s interconnect. Odorizing units and monitoring equipment specifications

- (a) Equipment and Ownership. The Customer will own the odorizer with associated equipment necessary to operate and deliver odor (odorizer system) and is responsible for all costs associated with operating the system. Peoples will approve the design of the odorizer system, whereinafter