

MLT 3

Enbridge Midcoast Energy Inc.
1100 Louisiana
Suite 3300
Houston, TX 77002



April 2, 2001

Mr. Michael J. Langston
Vice President, Gas Supply
Missouri Gas Energy, a division of
Southern Union Company
504 Lavaca, Suite 900
Austin, Texas 78701

08-04-02 A10:05 IN

RE: Capacity Release on Enbridge Pipelines (KPC), formerly Kansas Pipeline Company


Dear Mike:

It was good to talk to you yesterday; it's been too long. I hope that things have been going well for you.

After our conversation, I double-checked capacity release activity on the Enbridge Pipelines (KPC) system. From the date KPC became federally regulated and opened its system to capacity release transactions beginning June 1, 1997, to date, there have been no capacity release transactions executed on the system.

If I can be of further assistance, please let me know.

Sincerely,


Joan A.W. Schnepf
Vice President
Enbridge Pipelines (KPC)

MLT 4

Riverside I (46,332)
Firm Gas Transportation Service Agreement

This Agreement ("Agreement"), made and entered into this 24 day of February, 1995, by and between Missouri Gas Energy, a division of Southern Union Company, a Delaware corporation (herein referred to as "Shipper"), and Riverside Pipeline Company, L.P., a Kansas limited partnership (herein referred to as "Transporter").

WHEREAS, Mid-Kansas Gas Gathering Company, L.P. and the Kansas Power and Light Company entered into a Gas Purchase Agreement dated January 15, 1990 (the "Mid-Kansas Purchase Agreement"); and

WHEREAS, all right, title and interest to the Mid-Kansas Purchase Agreement held on behalf of Mid-Kansas Gas Gathering Company, L.P. was conveyed to Mid-Kansas Partnership; and

WHEREAS, said Mid-Kansas Purchase Agreement dated January 15, 1990 was amended on October 3, 1991; and

WHEREAS, Riverside Pipeline Company, L.P. and the Kansas Power and Light Company entered into a Transportation Agreement, Rate Schedule FT on January 15, 1990 (the "1990 Riverside Transportation Agreement"); and

WHEREAS, Shipper received an assignment from Western Resources, Inc. (formerly, Kansas Power and Light Company) of the above-described Mid-Kansas Purchase Agreement, as amended, and the 1990 Riverside Transportation Agreement; and

WHEREAS, upon Shipper's request the Shipper and Transporter have agreed to terminate the Mid-Kansas Purchase Agreement and 1990 Riverside Transportation Agreement effective as of May 31, 1995; and

WHEREAS, in consideration of such termination, Shipper and Transporter desire to enter into this new transportation arrangement providing for the movement of natural gas supplies from Oklahoma and Kansas into Kansas City, Missouri, and its environs (the "Kansas City Metro Area"); and

WHEREAS, to provide this transportation service, Transporter will have as of the Effective Date entered into contracts with KansOk Partnership, Kansas Natural Partnership, and Kansas Pipeline Partnership, as necessary to provide upstream transportation capacity to enable Transporter to effect service hereunder; and

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

WHEREAS, Transporter shall hereafter provide this transportation service to Shipper and Shipper agrees to pay Transporter for such service at a fixed rate subject to certain adjustments as further provided herein; and

WHEREAS, Transporter is able to provide transportation of natural gas on a firm basis comparable to firm transportation provided by other transporters of natural gas into the Kansas City Metro Area; and

WHEREAS, based on such agreements and representations, Shipper and Transporter desire to enter into this Agreement under terms and conditions which shall govern such transportation services;

NOW, THEREFORE, in consideration of the mutual representations, covenants and conditions herein contained, Transporter and Shipper agree as of the date first above written as follows:

ARTICLE I

Definitions

1.1 As used herein, the following terms shall have the following meaning:

- (a) The abbreviation "Btu" means British thermal unit.
- (b) The term "day" means the 24-hour period commencing at seven o'clock a.m., Central Time (7:00 a.m.), on one calendar day and ending at 7:00 a.m. on the following calendar day.
- (c) "Delivery Point" shall have the meaning set forth in Section 3.4 hereto.
- (d) "Effective Date" shall have the meaning set forth in Section 4.1 hereof.
- (e) "Fuel Gas" shall mean a quantity of gas equal to (i) 2.36% of the quantity of gas delivered by Shipper to Transporter for transportation hereunder, which Transporter in turn causes to be transported on the pipeline systems of Kansas Pipeline Partnership, Riverside Pipeline Company, L.P., Kansas Natural Partnership, and that portion of the pipeline facilities of KansOk Partnership that do not include the leased capacity held by

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

KansOk Partnership on the pipeline system of Transok, Inc.; plus (ii) 1.5% of the quantity of gas delivered by Shipper to Receipt Points on the pipeline system of Transok, Inc., or such percent as may at any time become effective pursuant to the Amended and Restated Agreement of Lease and Amended and Restated Operating Agreement between KansOk Partnership and Transok, Inc., dated April 24, 1992, as further amended on March 1, 1994 and August 25, 1994 ("Transok Lease"). Such "Fuel Gas" quantity shall remain fixed as calculated pursuant to the terms of (i) and (ii) above for the term of this Agreement, without regard to any increases or decreases in the amount of Fuel Gas authorized to be retained by Transporter for any of the services it provides to any of its other customers, except that the quantity of Fuel Gas shall be adjusted upon the assignment of the Transok Lease as provided in Section 10.2 hereof.

- (f) "Firm Basis" shall mean pursuant to the conditions (i) that the transportation service being provided shall not be curtailed, withheld, delayed, or otherwise interrupted due to any claim by another user or another class of service on the same physical pipeline facilities as are sought to be used by Shipper, or as a result of the oversubscription by the owners of such facilities of the physical capacity to transport and deliver gas in such facilities, or for any other reason unrelated to an event of force majeure (as defined herein) affecting the operational or then physical capacity of the pipeline facilities through which such services are being provided, and (ii) that in the event interruption otherwise occurs, that the transportation service being provided shall receive as favorable a priority as that provided to any other user of such facilities.
- (g) "Firm Transportation" shall mean transportation provided on a Firm Basis.
- (h) "Firm Transportation Agreements" shall mean transportation agreements providing for the transportation of gas on a Firm Basis.
- (i) "Maximum Daily Quantity" shall be the amount set forth in Section 2.2 herein.

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

- (j) "MMBtu" shall mean million Btu.
- (k) The term "month" means the period commencing at seven o'clock a.m., Central Time (7:00 a.m.), on the first day of a calendar month and ending at 7:00 a.m. on the first day of the next calendar month.
- (l) "Gas" or "Natural Gas" means gas from gas wells, casinghead gas produced with crude oil, and residue gas resulting from the processing of either gas well gas or casinghead gas or both.
- (m) The abbreviation "Psia" means pounds per square inch, absolute. "Psig" means pounds per square inch, gauge.
- (n) "Relevant Facilities" shall have the meaning set forth in Section 2.3 hereto.
- (o) "Receipt Points" shall have the meaning set forth in Section 3.1 hereof.
- (p) "Transok Lease" shall have the meaning set forth in Section 1.1(e) hereof. Transporter represents and warrants that the form of the Transok Lease in effect as of February 1, 1995 is the Amended and Restated Agreement of Lease and Amended and Restated Operating Agreement between KansOk Partnership and Transok, Inc. ("Transok"), dated April 24, 1992, as amended on March 1, 1994, and August 25, 1994. Shipper represents and warrants that it has received a copy of this form of Transok Lease from Transporter and has fully reviewed the terms thereof.
- (q) "Transok System" shall mean the pipeline system of Transok, Inc., as described in Sections 1.1 and 1.2 of the Transok Lease.

ARTICLE II

Scope of Gas Transportation Services

2.1 Subject to the terms and conditions of this Agreement from and after the Effective Date, Transporter shall on each day during the term hereof occurring after the Effective Date (i) receive at each Receipt Point such quantity of natural gas, if any, as may be tendered or caused to be tendered by Shipper to or

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

for the account of Transporter, although not to exceed the physical capacity of each Receipt Point, and (ii) transport (or cause others to transport) and deliver the same quantity for the account of Shipper, less the amount retained by Transporter as Fuel Gas, on a Firm Basis to the Delivery Point.

2.2 Shipper shall not be entitled to tender or cause to be tendered at the Receipt Point(s) for transportation on any given day a quantity of gas greater than the Maximum Daily Quantity, plus such additional volume associated therewith to be retained by Transporter as Fuel Gas. Transporter shall not be obligated to transport (or cause others to transport) and deliver to the Delivery Point on any given day a quantity of gas greater than the Maximum Daily Quantity. The Maximum Daily Quantity shall be 46,332 MMBtu's per day.

2.3 If, on any given day the transportation capacity on any of the lines or laterals necessary to move gas from the Receipt Point to the Delivery Point (the "Relevant Facilities") is insufficient to transport all volumes of natural gas tendered under this Agreement, Transporter shall ensure that all such capacity as may be available in the Relevant Facilities is allocated on a ratable basis giving consideration to Shipper's Maximum Daily Quantity entitlement to capacity in the Relevant Facilities as compared to the maximum daily entitlements of other, similarly situated shippers holding Firm Transportation Agreements for use of the Relevant Facilities.

2.4 In consideration of the commitments made by Shipper hereunder, should any customer served by Shipper or capable of being served by Shipper directly from its distribution system become interconnected with (other than through Shipper) and contract for firm service to be received through the pipeline system of Transporter at any time during the term of this Agreement, Shipper shall have the unilateral right to reduce by notice to Transporter the Maximum Daily Quantity otherwise then applicable hereunder. The amount of such reduction of the Maximum Daily Quantity shall be equal to the amount of firm service which such customer has contracted to receive through Transporter.

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

ARTICLE III

Receipt Point(s), Delivery Point(s), Delivery Pressures and Measurement

3.1 Receipt Points.

- (a) The Receipt Point(s) at which Shipper shall tender or cause natural gas to be tendered to Transporter for transportation hereunder shall include any point or points at which either Transporter or any of the pipelines listed on Schedule 3.1 hereto receive gas into their systems located in the states of Oklahoma and Kansas. Transporter represents and warrants that (i) when taken together, Transporter and the pipelines listed on Schedule 3.1 are capable of transporting the Maximum Daily Quantity from the Receipt Points to the Delivery Point on a Firm Basis in the manner provided by this Agreement, and (ii) these pipelines are the only pipelines for which costs are included in the rates set forth in Section 4.1(a) hereof. Transporter represents and warrants that it will have as of the Effective Date entered into, and thereafter shall maintain in good standing for the remaining term of this Agreement, such agreements and contracts with such pipelines as are necessary to enable Transporter, at its own expense and cost, to receive and transport through such pipelines on a Firm Basis, and pursuant to the terms and conditions of this Agreement, all gas tendered by Shipper for transportation hereunder, up to the Maximum Daily Quantity. Such agreements and contracts shall additionally ensure that Transporter shall continue to retain such a right in the facilities currently owned by such pipelines, in the event, if any, such facilities subsequently are sold or transferred to others.
- (b) Transporter and Shipper expressly recognize and agree that the Receipt Point(s) at which Shipper shall be entitled to tender or cause natural gas to be tendered hereunder shall include those points on the intrastate pipeline system of Transok, Inc., into which KansOk Partnership, or its successors or assigns ("KansOk"), are entitled to deliver gas pursuant to the terms of the Transok Lease. The receipt of gas at such Receipt Point(s) shall be subject to the terms and

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

conditions regarding receipts of gas into Transok's facilities which are set forth in the Transok Lease. Transporter shall ensure at its own expense and cost that the Transok Lease is maintained in good standing for the term of this Agreement on terms and conditions no less favorable to Shipper than exist as of the date this Agreement is executed; provided, however, that Shipper agrees that the Transok Lease may be modified to eliminate the provision for seasonal exchanges contained therein.

3.2 The parties recognize that, from time to time, other shippers may contract with Transporter and the other pipelines used by Transporter to provide service hereunder for transportation service from the Receipt Point(s), or that the other pipelines used by Transporter to provide service hereunder may use such Receipt Point(s) for their own account to acquire gas for use in connection with their sales service. In order to make certain that Shipper's right to tender gas at the Receipt Point(s), when compared with such other potential uses, are clear, Transporter and Shipper hereby agree as follows:

- (a) Shipper's right to use the capacity to receive gas at the Receipt Point(s) listed on Schedule 3.2 hereof (the "Primary Receipt Points") other than those for the receipt of gas into the Transok System shall be superior to that of any other person. Any use of such capacity by any other person shall be subordinate to its use by Shipper.
- (b) Shipper's right to use the capacity to receive gas at Primary Receipt Point(s) into the Transok System shall be equal to the rights of KansOk under the Transok Lease. If both Shipper and KansOk seek to use the capacity available under the Transok Lease to receive gas at a given Receipt Point or on a given portion of the Transok System and the capacity available under the Transok Lease is insufficient to meet the combined nominations of Shipper and KansOk, then forty-eight and 77/100 percent (48.77%) of the capacity available under the Transok Lease shall be allocated on a Firm Basis to Shipper and fifty-one and 23/100 percent (51.23%) of the capacity available under the Transok Lease shall be allocated on a Firm Basis to KansOk.
- (c) At all other Receipt Point(s) which Shipper may nominate for use hereunder ("Secondary Receipt

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

Point(s)"), Shipper's right to use the capacity shall be subordinate to the use of that capacity by any other person who on or before the date that Shipper requests that such point be made a Primary Receipt Point hereunder (i) has specifically identified such Receipt Point by written contract as a point at which it is to receive gas on a Firm Basis, and (ii) is paying the maximum lawful rate for firm service from such Receipt Point. In addition, Shipper's right to use the remaining capacity available at the Receipt Point designated at Schedule 3.2(ii) hereof (PEPL Meter No. 5234) over and above that reserved by Shipper for use as a Primary Receipt Point shall be subordinate to the use of up to 45,000 MMBtu's/day of that capacity by Kansas Pipeline Partnership and/or Kansas Natural Partnership as may be necessary for such pipelines to receive supplies, if any, purchased by such pipelines for resale by them under and on the terms of, gas sales contracts providing for the sale of gas by such pipelines which were in effect on February 1, 1995. Shipper's right to use the capacity to receive gas at any such Secondary Receipt Point shall be superior to any person other than a person meeting the criteria stated above.

- (d) Transporter shall enter into and maintain in good standing such agreements and contracts with the pipelines listed on Schedule 3.1 hereof as are necessary to ensure Shipper's ability to use the Primary and Secondary Receipt Point(s) in the manner provided above.

3.3 The quantities tendered or caused to be tendered by Shipper at each Receipt Point shall be tendered at such pressure as exists from time to time in the facilities used by Shipper to deliver the gas to the receiving pipeline, but in any event at a pressure adequate to enter the receiving pipeline's facilities under current operating conditions without modification. Neither Transporter nor any pipeline listed on Schedule 3.1 shall operate its transmission facilities or compression facilities in any manner which discriminates against Shipper and its ability to deliver gas at Shipper's selected Receipt Point(s).

3.4 Delivery Points. The Delivery Point(s) at which Transporter shall redeliver gas tendered hereunder shall be as follows:

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

(a) The Delivery Point existing for service between the facilities of Transporter and the facilities of Shipper, known as the Riverside Station, located in Section 8, Township 50 N, Range 33 E, Platte County, Missouri.

(b) Any other mutually agreeable point.

3.5 The pressure at which gas will be delivered to Shipper at such Delivery Point(s) shall be that existing from time to time in the facilities of Transporter at such point, in any event at pressures adequate to enter the facilities of Shipper, but in no event shall that pressure be required to be in excess of 250 Psig. Such delivery pressure shall be adjusted by Transporter to ensure continuous capability to deliver into Shipper's facilities at various times of the year including such times as Shipper may be required to increase the pressure in its facilities in order to accommodate its peak day demand. Transporter shall pay for and maintain any additional facilities as may be necessary to ensure its ability to deliver at the Delivery Point(s) the Maximum Daily Quantity hereunder at the pressures described above. In no event shall Transporter deliver at pressures which exceed the maximum allowable operating pressure of Shipper's facilities at the Delivery Point.

3.6 The measurement, metering and quality of the gas received and delivered by Transporter hereunder shall be in accordance with the provisions of Transporter's FERC Gas Tariff.

3.7 Transporter shall make provisions for reading the meter(s) and other related equipment used to receive and deliver gas hereunder at regular intervals. The charts or records related to such receipts and deliveries will be accessible to Shipper for inspection and examination at all reasonable times upon reasonable notice.

3.8 At least once each year, Transporter and Shipper shall review the capacity of all Receipt and/or Delivery Point(s). In the event the parties mutually agree to modify, enhance or upgrade the capacity or deliverability of such facilities, such costs shall be borne according to the following principles:

(a) The cost of facilities constructed at any Delivery Point in order to increase the total quantities of gas above the Maximum Daily Quantity specified herein delivered solely to Shipper, and constructed at Shipper's request, for its use in its purchase and resale activities, shall be borne by Shipper;

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

- (b) The cost of new Receipt Point facilities utilized and operated exclusively for the receipt of Shipper's gas to be transported under the Agreement, and constructed at Shipper's request, shall be borne by Shipper; and
- (c) The cost of all other facilities shall be borne by Transporter.

Unless otherwise agreed to in writing, all such facilities shall be owned, operated and maintained by Transporter or its designee. Notwithstanding any other provision hereof, Transporter shall have the obligation under this Agreement to install any additional facilities necessary for the purpose of permitting deliveries at any Delivery Point where such volumes are within the existing Maximum Daily Quantity hereunder.

3.9 When Transporter has the right to provide Shipper with access to the appropriate facilities, Shipper shall be entitled to install at every Receipt and Delivery Point(s) such telemetry units or other volume and/or pressure information devices at its sole cost and expense as are necessary in Shipper's sole opinion to insure adequate balancing of the volumes dispatched under this Agreement. When Transporter has the right to provide Shipper with access to the appropriate facilities, Transporter additionally shall provide Shipper with signals from transducers or other electronic devices as may be installed at any Receipt or Delivery Point, or, in the alternative, the right to install such equipment at such points, in order to provide Shipper with appropriate access to remote pressure information about gas flowing through the Receipt and/or Delivery Point(s). Where Receipt Points are located on facilities not owned by Transporter, Transporter shall use its reasonable efforts, exercised in good faith and with due diligence, to provide for such rights by contract with the pipelines owning the relevant facilities when requested by Shipper. Shipper shall fully indemnify Transporter for operation of any of Shipper's equipment located on sites owned or contractually provided for by Transporter.

3.10 Shipper and Transporter agree that in the event storage facilities are developed or are contracted for or by Shipper which are capable of being tied into the Relevant Facilities, at Shipper's election, the Receipt and/or Delivery Point(s) necessary to effect injections into and/or withdrawals from such storage facilities shall be incorporated into the Receipt and Delivery Point(s) reflected in this Agreement, on such reasonable operating terms and conditions as may be appropriate under the circumstances in Transporter's reasonable discretion. Notwithstanding anything to the contrary in this Section 3.10,

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

however, nothing in this provision shall require Transporter to undertake without its advance consent any actions which will increase its costs.

ARTICLE IV

Rates

4.1 Subject to the other provisions hereof, the rates charged under this Agreement shall be as follows:

- (a) From June 1, 1995, or, if later, the date on which the approvals provided for under Section 4.2(b) hereof are received (the "Effective Date"), the rates for such service shall be as follows:

Demand Rate: \$15.5860 per MMBtu of Maximum
Daily Quantity per month

Commodity Rate: \$0.0695 per MMBtu transported

- (b) The rates stated in Section 4.1(a) above represent the sum of Transporter's current rates, plus the rates to be paid by Transporter for upstream transportation on each of the pipelines listed on Schedule 3.1 hereto to effect the total transportation service contemplated hereunder. As of February 1, 1995, each of the rates to be paid by Transporter for upstream transportation is the subject of regulatory review in the dockets listed on Schedule 4.1(b) hereto. As each such review progresses and orders are issued in such dockets which change these rates, the rate stated in paragraph (a) above shall be adjusted upwards or downwards, as may be the case, by the difference, if any, between the rate in effect for such pipeline on February 1, 1995, and the rate approved by such order in such docket, and all appropriate refunds, if any, shall be paid to Shipper. Once final orders are issued in all such dockets and the relevant proceedings are closed, no further adjustment shall be made in the rate charged to Shipper hereunder, except as provided either in paragraph (c) below or in Sections 4.3(c) or 10.2 hereof.
- (c) Subject to Section 8.1 hereof, effective on June 1, 1998, and on each third anniversary thereafter for the term of this Agreement, the

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

demand and commodity rates set forth in 4.1(a), as thereafter adjusted pursuant to Sections 4.1(b), 4.3(c), and 10.2 hereof, shall be increased by an amount equal to 2% of the rate applicable prior to the day of such increase.

- 4.2 (a) The rates provided for herein shall be fixed, contractually specified rates with respect to the services to be provided. Neither party shall seek to change, nor support any effort by any other person to change, such rates by filing with the FERC or any other agency or commission. Transporter shall bear any charges allocated to Shipper above the rates fixed herein, including, without limitation, surcharges of any kind, charges for gas supply realignment costs, stranded investment, take-or-pay costs, environmental remediation costs, charges for fuel gas, line loss or unaccounted for gas in excess of the allowance made for Fuel Gas hereunder, or other similar or dissimilar charges, to the extent such charges result in rates to Shipper in excess of the rates set forth herein. Any changes in Transporter's generally applicable rates or any other rates shall not operate to change the contractually specified rates applicable to this Agreement.
- (b) The parties recognize that Transporter may require advance regulatory approval in order to include the costs to be incurred by Transporter for upstream transportation on other pipelines in the calculation of its rates. Shipper agrees to support the filings necessary to obtain such approvals. Transporter shall pursue such approvals in good faith and with due diligence, including by (i) seeking rehearing and appealing any orders denying such approvals, (ii) accepting any orders issuing such approvals with modification or conditions, if such modifications or conditions do not reduce the rates then applicable under this Agreement by any greater than five percent (5%), and (iii) refile for such approvals in the event they are not granted when first requested, modified as necessary to meet any objections or concerns expressed by the appropriate regulatory agency in denying such approval when first requested, to the extent such modifications do not reduce the rates then applicable under this Agreement by any greater than five percent (5%). Transporter also shall

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

have the right, but not the obligation, to accept any regulatory approvals or orders on less favorable terms and conditions to Transporter than provided above, that it deems appropriate in its sole discretion. In the event such approvals are not received as of June 1, 1995, Transporter shall have the right to defer the commencement date for service hereunder until such approvals are received; provided, however, that any such deferral shall not operate to extend the term of this Agreement. Once Transporter commences service hereunder, Transporter shall be obligated to provide the full range of transportation services provided for in Article II hereof, including providing for the transportation of Shipper's gas on the specified upstream pipelines at Transporter's own expense and cost, regardless of the manner in which such costs subsequently are treated for purposes of calculating Transporter's rates.

4.3 Regulatory Disallowance.

- (a) Should any regulatory authority having jurisdiction over Shipper at any time deny Shipper the right to recover any amount paid to Transporter hereunder, Shipper shall notify Transporter of such denial within thirty days thereof, and Transporter shall reimburse Shipper for the amount of such denial, with interest, with such reimbursement retroactive to the first day of service for which recovery is denied. Such funds will be paid by Transporter to Shipper at the times and in the same manner as Shipper is required to refund such amounts to its customers (regardless of whether or not such denial may at such times be subject to appellate review).
- (b) If the term of this Agreement has not by then expired, then simultaneously with the payment of funds to Shipper pursuant to paragraph (a) the remaining term of this Agreement shall be adjusted to ensure that the overall revenues generated hereunder are adequate to allow Transporter to recover Transporter's costs of operation and its financing costs, including principal, interest, and applicable financing fees, associated with the above level of service. An example of the manner in which the parties intend these paragraphs (a)

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

and (b) to operate in the event of such a denial is attached hereto at Schedule 4.3(b).

- (c) Simultaneous with any extension of term pursuant to Section 4.3(b) above, Transporter and Shipper additionally shall establish an escrow account, pursuant to the Escrow Agreement of even date herewith, attached hereto as Schedule 4.3(c). Within five (5) business days of presentation of notification of the denial described in Section 4.3(a) above, Transporter shall deposit into the escrow account created pursuant to the Escrow Agreement an amount equal to the amount which Transporter would be required to refund to Shipper for the period extending from the end of the period for which Shipper was denied recovery of amounts paid to Transporter hereunder to the then-current date, as if the same denial (in terms of dollars ordered to be refunded) as was ordered for the previous period is ordered for the immediately succeeding period. Thereafter, Shipper shall continue to pay for service hereunder at the rates provided for in Article IV, provided, however, that Shipper shall pay that portion of the rates for which it previously has been denied recovery (in terms of dollars ordered to be refunded) directly into the escrow account. If the Shipper again is denied recovery by the same regulatory body of rates paid to Transporter in the immediately succeeding audit year to an audit year in which a similar disallowance also has occurred, then the funds in the escrow account equal to an amount required to reimburse the Buyer for such denial, with interest at the rate provided in paragraph (c) of Schedule 4.3(b) of this Agreement, shall be released out of escrow to Shipper. Any funds applicable to such year remaining thereafter in the escrow account shall be paid out of escrow to Transporter, and in such event, Shipper shall thereafter submit payment directly to Transporter (without diversion to escrow) for such portion of the rates not disallowed. In the event rates paid by Shipper to Transporter are disallowed for two consecutive audit years (for purposes of this sentence disallowances of rates paid by Buyer under the Mid-Kansas Purchase Agreement shall not be considered), then Transporter will reduce the rates effective as of the last date of funding of such refund obligations into the escrow account to

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

Shipper for the effected service for the remaining term of the Agreement to the level approved for such recovery. Simultaneous with such permanent reductions, the term of this Agreement shall be adjusted in the manner provided in Schedule 4.3(b) to account for the aggregate amount of such rate reduction over the remaining term of this Agreement.

- (d) If the term of this Agreement, as may be extended, has expired at the time any regulatory authority having jurisdiction over Shipper denies Shipper the right to recover any amount paid to Transporter hereunder, the obligation of Transporter stated in (a) above shall be modified, such that Transporter shall reimburse Shipper for only one-half of the amount of such denial, with interest, and Shipper shall bear the remainder of such costs without reimbursement by Transporter. No extension of service shall be made in such event.
- (e) Should the Federal Energy Regulatory Commission ("FERC") at any time not approve for collection from Shipper any rate authorized to be charged pursuant to Section 4.1 hereof, then simultaneously with the payment to Transporter of each such reduced amount the remaining term of this Agreement shall be adjusted in the same manner and to the same extent as if such reduction was as the result of the disallowance of the recovery of such an amount by Shipper pursuant to Section 4.3(a) hereof.
- (f) As necessary from time to time, the parties shall seek to obtain whatever authority and approvals as may be required, if any, to maintain the rates charged under this Agreement at the contractually specified levels.

ARTICLE V

Conditions

5.1 Except as expressly waived herein, the transportation arrangements provided in this Agreement are subject to the provisions of 18 C.F.R. Part 284 (1984), as amended from time to time. The parties agree that the pipeline capacity made available hereunder pursuant to the Transok Lease shall be used

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

only for the rendition of intrastate and/or NGPA Section 311(a)(2) transportation and/or services, and shall be subject to the provisions of Section 2.3 of the Transok Lease.

5.2 Transporter and Shipper each recognize that their continuing ability to meet their financial obligations hereunder is a material element of this Agreement. Accordingly, if at the time of execution of this Agreement, at the Effective Date, during the term of this Agreement or during any extension provided by Section 4.3 hereof, (i) such party or the party obligated to make such payments, fails to pay principal or interest when due on any debt for which such party's assets are pledged as security, or for which such party is the guarantor ("Relevant Debt"), and any related grace period has expired, or (ii) the holder of Relevant Debt declares such debt due prior to its stated maturity because of such party's default thereunder and any related grace period has expired, then such event also shall constitute a breach hereunder.

5.3 Financial Information.

(a) Shipper. (i) The Shipper will at all times maintain complete and accurate (in all material respects) books of account and records. The Shipper will furnish, at the Shipper's expense, as soon as available, and in any event within 90 days after the end of each fiscal year, complete audited financial statements of the Shipper together with all notes thereto, prepared in accordance with generally accepted accounting principles, together with an unqualified opinion, based on an audit using generally accepted auditing standards, by one of the six largest nationally recognized firms of independent certified public accountants selected by the Shipper, stating such financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Shipper in conformity with generally accepted accounting principles (the "Independent Accountant's Opinion"). The Independent Accountant's Opinion may not be a qualified, adverse or disclaimer of opinion as defined in Statement on Auditing Standards Number 58, nor contain explanatory language stating there is substantial doubt about the Shipper's ability to continue as a going concern.

(ii) The Shipper will also furnish, at the Shipper's expense, as soon as available, and in any event within 45 days after the end of the first semi-annual accounting period of each fiscal year, an unaudited financial report of the Shipper as of the end of such

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

semi-annual period, containing a balance sheet, statement of operations, and statement of cash-flows, all in reasonable detail and certified by a financial officer of the Shipper to have been prepared in conformity with the basis of accounting described above.

- (b) Transporter. (i) The Transporter will at all times maintain complete and accurate (in all material respects) books of account and records. The Transporter will furnish, at the Transporter's expense, as soon as available, and in any event within 90 days after the end of each fiscal year, complete audited financial statements of the Transporter together with all notes thereto, prepared in accordance with requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, or prepared in accordance with generally accepted accounting principles, together with an unqualified opinion, based on an audit using generally accepted auditing standards, by one of the six largest nationally recognized firms of independent certified public accountants selected by the Transporter, stating such financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Transporter in conformity with the basis of accounting described above (the "Independent Accountant's Opinion"). The Independent Accountant's Opinion may not be a qualified, adverse or disclaimer of opinion as defined in Statement on Auditing Standards Number 58, nor contain explanatory language stating there is substantial doubt about the Transporter's ability to continue as a going concern.

(ii) The Transporter will also furnish, at the Transporter's expense, as soon as available, and in any event within 45 days after the end of the first semi-annual accounting period of each fiscal year, an unaudited financial report of the Transporter as of the end of such semi-annual period, containing a balance sheet, statement of operations, and statement of cash-flows, all in reasonable detail and certified by a financial officer of the Transporter to have been prepared in conformity with the basis of accounting described above.

- (c) Each party agrees to maintain any financial report, statement, and notes received pursuant to the

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

provisions of paragraphs (a) and (b) above as confidential, unless and until such time as such information becomes public through other disclosure.

ARTICLE VI

Term

6.1 This Agreement shall become effective upon its execution, and shall run and continue in full force and effect for a primary term ending October 31, 2009, and thereafter from year to year until terminated by written notice so stating given no less than 365 days in advance of end of the primary term, or extension thereof, by either party to the other, or unless terminated earlier, or extended pursuant to other provisions of this Agreement; provided, however, that the provisions of Section 4.3 shall survive the termination of this Agreement and shall remain in full force and effect thereafter until the recovery of any of the amounts paid by Shipper to Transporter hereunder is no longer subject to regulatory review.

6.2 Transporter waives its right to effect pre-granted abandonment of transportation service upon the expiration of this Agreement. As of the date of this Agreement, such right is codified in 18 C.F.R. § 284.221(d).

6.3 In the event Transporter seeks to terminate service under this Agreement, prior to such termination Transporter shall file for authorization for the abandonment of the transportation service contemplated hereunder pursuant to Section 7(b) of the Natural Gas Act or any successor statute, and shall not terminate such service unless and until it shall have received such abandonment authorization. Shipper shall have the right to oppose such abandonment. Transporter shall not apply for or otherwise seek FERC approval for abandonment of the service provided hereunder prior to the date Transporter notifies Shipper of its intent to terminate this Agreement as provided herein.

ARTICLE VII

Notices

7.1 Except as otherwise specifically provided herein, all communication hereunder shall be in writing and shall be sent by registered or certified mail, telegraph, facsimile or overnight courier or delivered in person to:

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

Transporter: Riverside Pipeline Company, L.P.
Attn: Transportation and Supply
8325 Lenexa Drive, Suite 400
Lenexa, Kansas 66214
Telephone: (913) 888-7139
Telecopy: (913) 599-2573

Shipper: Missouri Gas Energy, a division
of Southern Union Company
504 Lavaca, Suite 800
Austin, Texas 78701
Attn: Gas Supply
Telephone: (512) 370-8275
Telecopy: (512) 476-4966

or to such other address as a party shall designate by formal written notice. Notices shall be deemed to have been given when received.

7.2 The accounting month hereunder shall be the calendar month. Transporter shall furnish to Shipper within ten (10) days after the end of each accounting month a statement of the charges computed pursuant to Article IV. Payments by Shipper to Transporter herein shall be made by Shipper no later than fifteen (15) days following receipt by Shipper of Transporter's invoice each month for gas delivered during the preceding accounting month. A statement of the full details of Transporter's measurement records at the Delivery Point hereunder shall be transmitted to Shipper when Transporter submits its bill each month to Shipper. A statement of the full details of Transporter's measurement records at the Receipt Point(s) hereunder shall be transmitted to Shipper when they shall become available to Transporter. In the event Shipper in good faith disputes Transporter's charges, Shipper may withhold from payment the amount in dispute until a resolution is reached. Any amount found to be properly charged shall be paid within five days thereafter, together with interest at the prevailing prime rate as published in the *Wall Street Journal*, from the original due date of such payment.

ARTICLE VIII

Breach

8.1 Any breach of Sections 2.1, 2.3, 3.1, 3.2, 3.3, 3.5, 4.2 or 4.3 hereof, shall be deemed a material breach. In the event of a breach of any such provision, the non-breaching party shall receive from the breaching party as liquidated damages for such breach, the full amount of any and all costs incurred by the

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

non-breaching party for alternate gas supplies, alternate gas transportation service, additional use of existing transportation services, or other direct or indirect expenses actually incurred and paid by or on behalf of the non-breaching party in covering such breach, and, in addition, reimbursement for any additional loss, cost or expense incurred by the non-breaching party as a consequence of such breach or related to any third party costs or claims against the non-breaching party arising out of such material breach by the breaching party (collectively, "Costs"). If, within any continuous five (5)-year period during the term of this Agreement the breaching party has more than two (2) events which would be deemed a material breach under this provision, then (i) the non-breaching party will be entitled, upon the occurrence of each such subsequent breach, to recover from the breaching party twice the level of Costs incurred by the non-breaching party arising out of such breach, and in addition (ii) in the case where the breaching party is Transporter, the provisions of Section 4.1(c) hereof shall thereupon terminate and cease to be of any further force and effect, such that any further escalation of rates otherwise therein provided shall not occur.

8.2 In the event that any party believes that the other party is in breach of any of the other terms not set forth in Section 8.1 hereof for any reason, the party claiming such breach shall provide written notice of such purported breach describing such breach with particularity (in fact and in legal impact) and the purported breaching party shall be granted thirty (30) days from its actual receipt of such notice to cure said breach if it concurs that the acts or omissions described in the notice constitute a breach, or it may elect to provide a cure to the complaining party's contended breach even if the purported breaching party is of the belief that the facts or omissions described in the notice do not constitute a breach hereof, and if so cured by the purported breaching party, the contended breach shall be deemed to have never occurred. In the event the parties cannot agree as to whether the acts or omissions described in the notice constitute a breach of the terms hereof, or the purported breaching party does not cure the alleged breach to the reasonable satisfaction of the complaining party within such thirty day period, then the complaining party shall have the right to seek all legal remedies set forth in Section 8.1, and in the event of the insufficiency of such remedies under the circumstances, then all other legal remedies available under the law.

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

ARTICLE IX

Force Majeure

9.1 The term "force majeure" as employed herein shall mean acts and events not within the control of the party claiming suspension and shall include act of God, strikes, lockouts or other industrial disturbances, wars, riots, insurrections, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraint of rules and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or pipelines; and any other cause not within the control of the party claiming suspension and which, by the exercise of reasonable best efforts, such party is unable to overcome. It is understood and agreed, however, that the settlement of strikes, lockouts, or other labor disturbances shall be entirely within the discretion of the party having the difficulty, and that the above requirements that are force majeure shall be remedied with all reasonable dispatch, and shall not require the settlement of strike or lockouts by acceding to the demands of an opposing party when such course is inadvisable in the discretion of the party having the difficulty.

9.2 Such event of force majeure affecting the performance by either party shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use reasonable diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such event of force majeure relieve either party of liability otherwise unless such party shall give notice and full particulars of the same to the other party as soon as possible after the occurrence relied upon.

9.3 In the event that either Transporter or Shipper is rendered unable by force majeure to carry out its obligations, either in whole or in part, under the provisions of this Agreement, the obligations of the party affected by such force majeure, other than the obligation to make payments hereunder, shall be suspended during the continuance of any such event of force majeure but for no longer period, and such event of force majeure shall, so far as possible, be remedied with all reasonable dispatch.

9.4 For purposes of this Article IX, Transporter shall not be permitted to claim any failure by any of the pipelines listed on Schedule 3.1 to perform in such a manner as is necessary to enable Transporter to meet its obligations to Shipper hereunder as an event of force majeure sufficient to excuse the suspension of Transporter's performance hereunder, except to the extent that the failure of such upstream pipeline to perform in such manner

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

would be treated as an event of force majeure sufficient to justify the suspension of its performance in accordance with this Article IX.

ARTICLE X

Assignment of Transok Lease

10.1 If Shipper has not by then previously obtained assignment of the portion of the Transok Lease as provided herein, subsequent to the Effective Date and upon the request of Shipper and with the consent of Transok, Transporter agrees to cause its affiliate KansOk Partnership, or its successors or assigns ("KansOk"), to assign to Shipper in a form mutually agreeable to both parties 43,893 MMBtu's of the capacity entitlements held by KansOk under the Transok Lease, which represents Shipper's full allocation of such capacity entitlements subject to (i) Shipper assuming an identical allocation of the charges, obligations, restrictions and liabilities under said Transok Lease existing at the time of such assignment; (ii) Shipper indemnifying and holding Transporter harmless from any and all causes of action, claims or liabilities of any kind, including reasonable attorney fees and reasonably foreseeable consequential damages, proximately caused by Shipper's failure to honor its obligations to Transporter and Transok, Inc. by virtue of such an assignment to Shipper of such a portion of the Transok Lease; and (iii) KansOk receiving from Transok, in a form and content which is acceptable to KansOk in its reasonable discretion, a full release and novation from and after the date such assignment shall become effective, from any and all claims, liabilities or obligations of any kind arising out of the portion of the capacity entitlements assigned to Shipper. After receiving such a request from Shipper, Transporter will cause KansOk Partnership to seek written consent for such an assignment from Transok, Inc. within thirty (30) days of receiving such a request and shall keep Shipper reasonably informed regarding the status of Transok, Inc.'s responses to such a request. Transporter shall cause KansOk to pursue the consent of Transok to such assignment in good faith and with due diligence, such that the assignment can be achieved as soon as practicable following the request of Shipper. Nothing herein, however, shall require Transporter to accept any changes or modifications to the Transok Lease in order to obtain Transok, Inc.'s consent to such an assignment, nor shall Transporter or KansOk be obligated to pursue any litigation against Transok in the event Transok fails to give its consent to any assignment requested hereunder. Shipper may request Transporter to pursue and, upon such request, Transporter shall cause KansOk to pursue, the assignment of the Transok Lease hereunder from time to time

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

and at any subsequent times, should Transok not consent to such assignment when first requested.

10.2 Effective as of the date of any assignment made pursuant to Section 10.1 above, the rates then applicable pursuant to Article IV hereof and the amount of Fuel Gas retained by Transporter hereunder shall be reduced for the remaining term of this Agreement by an amount equal to the amounts then being paid by KansOk to and retained by Transok with respect to that portion of the capacity being assigned to Shipper, plus, if such assignment occurs after June 1, 1998, any escalation of such rates made pursuant to Section 4.1(c) attributable to the amounts theretofore paid by Transporter to Transok.

10.3 Effective as of the date of any assignment made pursuant to Section 10.1 hereof: (i) Schedule 3.1 is amended so as to eliminate Transok, Inc., and (ii) the Receipt Point(s) on the pipeline facilities of the KansOk Partnership at which Shipper thereafter shall be entitled to tender natural gas to Transporter for transportation hereunder shall exclude that portion of the Transok System into which KansOk is entitled to deliver gas pursuant to the terms of the Transok Lease.

ARTICLE XI

Miscellaneous

11.1 This Agreement and all disputes hereunder shall be governed by and construed and enforced in accordance with the laws of the State of Missouri, without regard to principles of conflict of laws. All actions or proceedings in any way, manner or respect arising out of or from or related to this Agreement or any other agreement contemplated hereby shall be litigated if jurisdictional to such court, in the United States District Court for the Western District of Missouri, Western Division, and if not, in an appropriate Missouri state court with venue for Jackson County, Missouri. Transporter and Shipper hereby consent and submit to the jurisdiction of such courts located within said state. Transporter and Shipper hereby waive any right either may have to transfer or change the venue of any litigation brought with respect to this Agreement.

11.2 In the event the laws and/or regulations pertaining to the natural gas industry change so as to (i) result in a material adverse effect on the financial condition, results or operations or business of either party hereto (a "Material Adverse Effect"), and (ii) such legal or regulatory change does not provide a remedy to alleviate the Material Adverse Effect, and (iii) the change was not a change known or reasonably foreseeable at the

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

time this Agreement was entered into, the party adversely affected by such Material Adverse Effect may request adjustments in this Agreement to make it consistent with such changed circumstances. If either party gives notice to the other hereunder of a Material Adverse Effect affecting this Agreement, Shipper and Transporter shall negotiate in good faith in an effort to make adjustments in this Agreement to make it consistent with such changed circumstances; provided, however, that neither party shall be obligated to agree upon the requested adjustments to this Agreement if, after such good faith negotiations, such party determines in its sole discretion that such adjustments are not in its best interests. If the parties are not able to agree upon the requested adjustments after such good faith negotiations, this provision shall not serve to give any party any greater legal rights or remedies in law or equity against the other than it otherwise would have had absent this provision; rather, the parties' legal rights and obligations shall be the same as if this provision had not existed.

11.3 The parties recognize that the general terms and conditions of Transporter's tariff as filed with and approved by the Federal Energy Regulatory Commission ("Transporter's Tariff") shall apply to the transportation services provided hereunder. In the event of a conflict between this Agreement and Transporter's Tariff, however, the terms of this Agreement shall govern.

11.4 Transporter and Shipper will have the right at all reasonable times, upon reasonable notice, to examine the books and records of the other party to the extent necessary to verify the accuracy of any computation or demand made on any statement, bill or invoice rendered under or pursuant to this Agreement.

11.5 This Agreement may be amended, modified or supplemented only by an instrument in writing executed by both parties.

11.6 Neither this Agreement nor any right created hereby shall be assignable by either party hereto without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld; provided, however, that no consent shall be required for an assignment by either Shipper or Transporter of this Agreement in its entirety, to: (i) an entity that has the same beneficial owners as the assigning party, pursuant to a corporate reorganization by merger, consolidation or assignment and assumption agreement with that entity, provided that such entity obtains substantially all of the assets of, and at the effective time of such reorganization has a net worth no less than, the assigning party, or (ii) an entity that is

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

controlled by the same person or group of persons that controls the assigning party.

11.7 If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future terms effective during the term hereof, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision never comprised a part hereof; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom. In lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Agreement, a provision as similar in its terms to such illegal, invalid or unenforceable provision as may be reasonably possible and be legal, valid and enforceable.

11.8 The parties acknowledge that money damages may not be an adequate remedy for violations of this Agreement and that any party may, in its sole discretion, apply to a court for specific performance or injunctive or such other relief as such court may deem just and proper in order to enforce this Agreement or prevent any violation hereof, and to the extent permitted by applicable law and to the extent the party seeking such relief would be entitled on the merits to obtain such relief, each party waives any objection to the imposition of such relief.

11.9 This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

11.10 Each party agrees to take all reasonable actions, including interventions, as may be appropriate to support the terms and conditions of this Agreement and the performance and retention of the rights, duties and obligations of each party hereunder in any regulatory proceedings in which such matters may be at issue.

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

IN WITNESS HEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the day and year first set forth herein.

Riverside Pipeline Company, L.P.
"Transporter"

By: Riverside Pipeline Partnership,
its general partner

By: Synergy Pipeline Partnership,
L.P., its managing general
partner

By: Bishop Pipeline Company, its
general partner

WITNESS:

Jennifer L. Bacon
Uttie C. Songkins

By:

Frank H. Felling
Title: EXECUTIVE VICE PRESIDENT

Missouri Gas Energy, a division of
Southern Union Company
"Shipper"

WITNESS:

Robert W. Smith
David J. Gordon

By:

Kevin X. Ma
Title: Vice President

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

Schedule 3.1

Upstream Transporters

To the Firm Gas Transportation Service Agreement between MISSOURI GAS ENERGY, a division of Southern Union Company (Shipper) and Riverside Pipeline Company, L.P. (Transporter), made effective as of June 1, 1995.

Kansas Natural Partnership
Kansas Pipeline Partnership
KansOk Partnership
Transok, Inc.*

*Transok shall be considered a pipeline subject to Section 3.1 hereof to the extent that capacity on the Transok system is made available under the terms of the Transok Lease, as the same is in effect on February 1, 1995; provided, however, that the Transok Lease may be modified by KansOk to eliminate the provision for seasonal exchanges contained therein.

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

Schedule 3.2

Primary Receipt Points

	<u>Location</u>	<u>Maximum Daily Quantity</u>
(i)	(a) Prior to the assignment of the Transok Lease provided for in Article X hereof, points on the intrastate pipeline system of Transok, Inc. that are designated as Receipt Points pursuant to the Transok Lease.	43,893 MMBtu's, plus applicable Fuel Gas
	(b) On and after the date of the assignment of the Transok Lease provided for in Article X hereof, the point of interconnection between the facilities of KansOk Partnership and Transok, Inc., known as the "Pawnee Interconnect," as provided for in the Transok Lease as in effect on February 1, 1995.	
(ii)	The point of interconnection between the facilities of Kansas Pipeline Partnership and Panhandle Eastern Pipeline Company located in Franklin County, Kansas (PEPL Meter No. 5234).	2,439 MMBtu's, plus appli- cable Fuel Gas
(iii)	Such other points as Shipper and Transporter may agree from time to time.	To be determined

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

Schedule 4.1(b)

Current Rate Proceedings

Rate Proceeding

Pipeline(s) Affected

1. Kansas Corporation Commission
Docket No. 190,362-U

Kansas Pipeline Partnership
Kansas Natural Partnership

2. Federal Energy Regulatory Commission
Docket No. RP94-3

KansOk Partnership

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

Schedule 4.3(b)

Example of Implementation
of Sections 4.3(a) and (b)

Assume that in year 5 of the Agreement the Missouri Public Service Commission (the "Commission") denies Shipper the right to recover \$1 million annually of the amount paid to Transporter in years 3 and 4 of the Agreement.

(a) Transporter shall fulfill its obligation to Shipper pursuant to Section 4.3(a) of the Agreement by reducing its rates and charges to Shipper by \$1 million annually retroactive to the beginning of year 3. Transporter shall pay the cumulative total of such retroactive reduction, plus interest, to Shipper at the times and in the same manner as Shipper is required to refund such amounts to its customers.

(b) Upon Shipper's receipt of the payment provided for in paragraph (a) above, the term of the Agreement automatically shall be extended according to the following formula:

$$M = \frac{(A + B)}{46,332 \text{ MMBtu's}}$$

where, M shall equal the number of months by which the term of the Agreement shall be extended;

A shall equal the cumulative amount as of the end of the otherwise applicable term of the Agreement which Transporter has paid to Shipper pursuant to the terms of Section 4.3, plus interest; and

B shall equal the demand rate per MMBtu of Contract Demand in effect as of the last day of the otherwise applicable term of the Agreement.

(c) In calculating the interest to be applied to the amounts due Shipper under paragraph (a) above, and the amounts to be attributed to Transporter pursuant to paragraph (b), factor "A", above, the rate shall be the rate required to be used from time to time by the Commission for refunds made by jurisdictional utilities, and the cumulative amount shall be determined by compounding the then-outstanding total of such amounts annually.

(d) In the event during any extension of the term of the Agreement provided for pursuant to Section 4.3 the Commission shall deny Shipper the right to recover any portion of the factor "B" rate used in the calculation made pursuant to paragraph (b)

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

above, Transporter shall be obligated to pay the disallowed amount to Shipper, and the term of the Agreement shall be extended further, in the same manner as if such denial had occurred during the otherwise applicable term of the Agreement.

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

Schedule 4.3(c)
to
Firm Gas Transportation Service Agreement

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement") is made effective as of the first day of June, 1995, among MISSOURI GAS ENERGY, a division of Southern Union Company, a Delaware corporation (the "Shipper"), RIVERSIDE PIPELINE COMPANY, L.P., a Kansas limited partnership (the "Transporter"), and Boatmen's First National Bank of Kansas City, N.A., as escrow agent and as collateral agent (in such capacities, the "Escrow Agent").

RECITALS:

WHEREAS, the Shipper and the Transporter are parties to a Firm Gas Transportation Service Agreement dated February __, 1995 (as amended, supplemented, extended, replaced or otherwise modified from time to time, the "Transportation Agreement"); and

WHEREAS, it is a requirement of the Transportation Agreement that the Shipper and the Transporter enter into this Agreement;

NOW THEREFORE, for valuable consideration hereby acknowledged, the parties hereto agree as follows:

1. Appointment of Escrow Agent and Collateral Agent. The Shipper and the Transporter hereby appoint the Escrow Agent as escrow agent with respect to all funds, and earnings thereon, deposited with the Escrow Agent pursuant to this Agreement (the "Escrow Funds"). The Shipper and the Transporter each hereby appoint the Escrow Agent as its collateral agent for purposes of perfection of the security interest granted under Section 5 hereof. The Escrow Agent hereby accepts its appointment as escrow agent and as collateral agent.

2. Deposit of Escrow Funds. If at any time any regulatory authority having jurisdiction over Shipper (a "Regulatory Authority") denies Shipper the right to recover any amount paid by the Shipper to the Transporter under the Transportation Agreement (such right herein referred to as "Pass Through Authority"), immediately upon receipt of notification from the Shipper of such denial, the Transporter shall deposit into an account established with the Escrow Agent and subject to the control of the Escrow Agent (the "Escrow Account") funds in an

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

amount equal to the amount Transporter would be required to refund to the Shipper for the period extending from the end of the period which the Shipper was denied Pass Through Authority to the then-current date, as if the same denial of Pass Through Authority (in terms of dollars ordered to be refunded) as was ordered for the previous period is ordered for the immediately succeeding period. In addition, until the applicable Regulatory Authority next allows or denies the Shipper Pass Through Authority, on each date that the Shipper pays the Transporter for gas service under the Transportation Agreement, a portion of such payment equal to that portion of the prior payment denied Pass Through Authority (in terms of dollars ordered to be refunded) shall be deposited with the Escrow Agent. The Escrow Funds shall be held, invested and disbursed by the Escrow Agent in accordance with the terms of this Agreement. The Escrow Agent shall acknowledge its receipt of such funds by written notice to the Shipper and the Transporter.

3. Investment of Escrow Funds. The Escrow Funds shall be invested in accordance with the written directions (or oral directions immediately confirmed in writing) of the undersigned representative of the Shipper (or any other person designated in writing to the Escrow Agent by the Shipper) in one or more of the following investments: (a) investments which are direct obligations of or are fully guaranteed by the United States or its agencies, and which mature within 30 days, (b) certificates of deposit issued by national banks (including the Escrow Agent), which are fully insured by the Federal Deposit Insurance Corporation and mature within 30 days, (c) fully collateralized direct repurchase agreements secured by the government investments described in clause (a) above which are pledged with the Escrow Agent or with a third party bank or securities dealer, and which agreements mature within 30 days, or (d) an SEC-registered, no-load money market mutual fund with a dollar-weighted average portfolio maturity of 120 days or less whose assets consist exclusively of the investments described in clauses (a) and (c) above and whose investment objectives include seeking to maintain a stable net asset value of \$1 per share. The term "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and then sell back at a future date, the government obligations described in clause (a) above, in market value of not less than the principal amount of the funds disbursed, and includes direct security repurchase agreements and reverse security repurchase agreements. The Shipper agrees with the Transporter that the Shipper shall keep the Escrow Funds fully invested at all times. The Escrow Agent shall have no responsibility for any investments made in accordance with the foregoing or for keeping the Escrow Funds fully invested at all times.

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

4. Disbursement of Escrow Funds. Upon the determination by the applicable Regulatory Authority regarding the Pass Through Authority for the Shipper for the period immediately succeeding the period for which the Shipper was denied Pass Through Authority, the Escrow Funds shall be disbursed by the Escrow Agent as follows: (a) if the Regulatory Authority again denies the Shipper Pass Through Authority, upon receipt by the Escrow Agent of written notification from the Shipper of such denial, together with a copy of the Regulatory Authority's decision, Escrow Funds in an amount required to reimburse the Shipper for such denial, with interest at the rate provided in paragraph (c) of Schedule 4.3(b) of the Transportation Agreement, shall be paid to the Shipper and any Escrow Funds applicable to such period remaining thereafter shall be paid to the Transporter; and (b) if the Regulatory Authority does not deny the Shipper Pass Through Authority, upon receipt by the Escrow Agent of written notification thereof from the Shipper, together with a copy of the Regulatory Authority's decision, the Escrow Funds shall be paid to the Transporter. The Escrow Agent shall verify the signature of each person signing a notice under this Section, by comparison with the signature of such person in the signature blocks of this Agreement or on an incumbency certificate hereafter delivered. Payment to any party shall be made in the manner and to the address specified by such party at such time.

5. Grant of Security Interest. It is the intent of the parties hereto to create a true escrow account. To the extent such escrow account is ever deemed to be property of the Transporter or Shipper, notwithstanding this Agreement, for value received, the party who is deemed to own the escrow account grants to the other a security interest in the Escrow Account and the Escrow Funds and all moneys, instruments, checks, investments and items of any kind held by the Escrow Agent from time to time with respect to the Escrow Account and the Escrow Funds, together with all rights related thereto and other property to which such party may become entitled by reason of ownership thereof, and proceeds, earnings and distributions relating thereto (collectively, the "Collateral"). The Collateral and security interest hereby granted shall secure payment of any amount owed by the party who is deemed to own the escrow account to the other together with interest thereon (the "Obligations"). All costs and expenses, including reasonable attorneys' fees, incurred or paid by the party who is not deemed to own the escrow account in exercising or enforcing any right or remedy in connection with this Agreement shall become part of the Obligations, and shall be secured hereby. Each party shall execute any documents, instruments, financing statements and notices and take any action required to effect the delivery and transfer of the Collateral and to evidence or perfect the security interest hereby given. Each of the following constitutes a default hereunder: (a) a

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

default in the payment of either party's obligations under the Transportation Agreement, (b) a petition or complaint in bankruptcy or for arrangement or reorganization or for relief under any insolvency law is filed by or against either party, or in the case of Transporter, the general partner, (c) either party admits its inability to pay its debts as they mature, and (d) a receiver is appointed for either party. During the continuance of any default, at the option of the non-defaulting party and without demand or notice, the non-defaulting party shall have all rights and remedies available by law, in equity or under any agreements, and the non-defaulting party may demand immediate payment of all Obligations. All rights and remedies of either party under this Agreement or otherwise shall be cumulative of all other rights and remedies available to such party.

6. The Escrow Agent. The Shipper and the Transporter agree that the following provisions shall control with respect to the rights, duties and liabilities of the Escrow Agent:

(a) The Escrow Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement. No implied obligations shall be read into this Agreement against the Escrow Agent.

(b) No provision of this Agreement shall require the Escrow Agent to expend or risk its funds or otherwise incur any financial liability in the performance of any of its duties, rights or powers hereunder, if it shall have reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) The Escrow Agent acts hereunder as a depository only, and is not responsible or liable in any manner whatever for the sufficiency, correctness, genuineness or validity of any documents delivered to it hereunder, or for the form or execution thereof, or for the identity or authority of any person delivering the same. The Escrow Agent may rely and shall be protected in acting upon any written notice, request, waiver, consent, certificate, receipt, authorization, power of attorney, or other paper or document which the Escrow Agent in good faith, and following the exercise of due diligence, believes to be genuine and to have been signed or presented by the proper person(s).

(d) The Escrow Agent may consult with legal counsel in the event of any dispute or question as to the construction of any provision hereof or the Escrow Agent's duties hereunder, and it shall be fully protected in acting in accordance with the opinion and instructions of such counsel.

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

(e) The Escrow Agent is not a party to, and is not bound by, or charged with notice of, the Transportation Agreement or any other agreement out of which this escrow may arise, nor any default or breach thereunder.

(f) If the Escrow Funds include a check, draft or other order for the payment of money, the Escrow Agent shall deposit any such item for collection in accordance with prevailing bank practices. The Escrow Agent shall not be accountable for the proceeds of such item until they are received by the Escrow Agent in finally collected funds.

(g) In the event of any disagreement among the Shipper, the Transporter, and/or any other person resulting in adverse claims or demands being made with respect to the Escrow Funds, the Escrow Agent may, at its option, file an interpleader action or refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues. In such event, the Escrow Agent shall not be liable in any way for its failure to act, and shall be entitled to continue to refrain from acting until (i) the rights of all parties shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been adjusted and all doubt resolved by agreement among all of the interested persons, and the Escrow Agent shall have been notified thereof in writing signed by all such persons.

(h) If the Escrow Agent becomes involved in any dispute, demand, claim or litigation with respect to the Escrow Funds, the Shipper and the Transporter agree to indemnify and save the Escrow Agent harmless from all suits, claims, losses, costs, damages, expenses and attorney's fees suffered or incurred by the Escrow Agent as a result thereof, except any of the foregoing resulting from the negligence or misconduct of the Escrow Agent.

(i) Any fee charged by the Escrow Agent for its services hereunder shall be paid in accordance with its standard published fee schedule. The Shipper and the Transporter shall each pay one-half of any such fee.

(j) The Escrow Agent may resign at any time by giving 30 days written notice to the Shipper and the Transporter. Upon such resignation, the Escrow Agent shall deliver the Escrow Funds upon the joint written instructions of the Shipper and the Transporter.

(k) Provided, however, that nothing herein shall be construed as a release by either party of a claim it may have regarding the escrowed funds by virtue of an act or omission of the Escrow Agent.

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

7. Termination. Upon the earlier of (a) resignation of the Escrow Agent as provided in Section 6(j) hereof, or (b) five years from the date of termination of the Transportation Agreement if no Regulatory Authority has denied the Shipper Pass Through Authority during such time, this Agreement shall terminate, and the Escrow Agent shall be discharged from all duties and liabilities hereunder.

8. Notices. All notices and other communications hereunder shall be sent or delivered to the applicable party at its address set forth below (or such other address specified by the party in writing to the other parties), and shall be effective only upon the actual receipt thereof.

9. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. In making proof hereof, it shall not be necessary to produce or account for any counterpart other than one signed by the party against which enforcement is sought.

10. Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. No party hereto may assign, transfer or hypothecate any of its rights or interests hereunder without the written consent of the other parties; provided, however, that no consent shall be required for an assignment by either Shipper or Transporter of this Agreement in its entirety, to: (i) an entity that has the same beneficial owners as the assigning Party, pursuant to a corporate reorganization by merger, consolidation or assignment and assumption agreement with that entity, provided that such entity obtains substantially all of the assets of, and at the effective time of such reorganization has net worth no less than, the assigning Party, or (ii) an entity that is controlled by the same person or group of persons that controls the assigning Party; and provided, further, that the Escrow Agent may resign as provided in Section 6(j) hereof.

11. This Agreement and all disputes hereunder shall be governed by and construed and enforced in accordance with the laws of the State of Missouri, without regard to principles of conflict of laws. All actions or proceedings in any way, manner or respect arising out of or from or related to this Agreement or any other agreement contemplated hereby shall be litigated if jurisdictional to such court, in the United States District Court for the Western District of Missouri, Western Division, and if not, in an appropriate Missouri state court with venue for Jackson County, Missouri. Transporter and Shipper hereby consent and submit to the jurisdiction of such courts located within said state. Transporter and Shipper hereby waive any right either may

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

have to transfer or change the venue of any litigation brought with respect to this Agreement.

IN WITNESS WHEREOF, this Escrow Agreement is executed as of the date first set forth above.

Address:

Missouri Gas Energy, a
division of Southern Union
Company

504 Lavaca, Suite 800

Austin, Texas 78701

Attn: Gas Supply

Telephone: (512) 370-8275

Telecopy: (512) 476-4966

MISSOURI GAS ENERGY, a division
of Southern Union Company

By: _____

Name:

Title:

Address:

Riverside Pipeline Company,
L.P.

Attn: Transportation and
Supply

8325 Lenexa Drive, Suite 400

Lenexa, Kansas 66214

Telephone: (913) 888-7139

Telecopy: (913) 599-2573

Riverside Pipeline Company, L.P.
"Transporter"

By: Riverside Pipeline
Partnership, its general
partner

By: Syenergy Pipeline
Partnership, L.P., its
managing general partner

By: Bishop Pipeline Company, its
general partner

By: _____

Title: _____

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

have to transfer or change the venue of any litigation brought with respect to this Agreement.

IN WITNESS WHEREOF, this Escrow Agreement is executed as of the date first set forth above.

Address:

Missouri Gas Energy, a
division of Southern Union
Company

504 Lavaca, Suite 800

Austin, Texas 78701

Attn: Gas Supply

Telephone: (512) 370-8275

Telecopy: (512) 476-4966

MISSOURI GAS ENERGY, a division
of Southern Union Company

By _____

Name:

Title:

Address:

Riverside Pipeline Company,
L.P.

Attn: Transportation and
Supply

8325 Lenexa Drive, Suite 400

Lenexa, Kansas 66214

Telephone: (913) 888-7139

Telecopy: (913) 599-2573

Riverside Pipeline Company, L.P.
"Transporter"

By: Riverside Pipeline
Partnership, its general
partner

By: Syenergy Pipeline
Partnership, L.P., its
managing general partner

By: Bishop Pipeline Company, its
general partner

By: _____

Title: _____

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

BOATMEN'S FIRST NATIONAL BANK OF
KANSAS CITY, N.A.

Address:

Attn: _____

By: _____

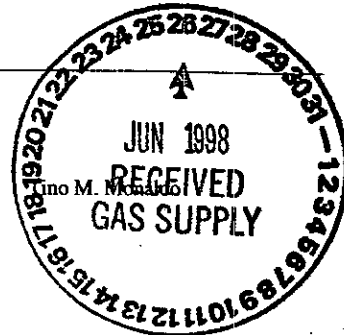
Title: _____

CONFIDENTIAL; Drafted
Pursuant to Litigation
Settlement Discussions

Tino M. Monaldo, Chartered

Attorney at Law

335 North Washington
Corporate Square/Suite 130
P.O. Box 728
Hutchinson, Kansas 67504-0728
316 669-9338
Fax 316-665-5961



*File w/ contract
Pw I*

June 25, 1998

**VIA FEDERAL EXPRESS
AND TELEFAX (512) 476-4966**

Michael Langston
Vice-President, Gas Supply
Missouri Gas Energy, a division of
Southern Union Gas Company
504 Lavaca
Suite 800
Austin, TX 78701

RE: Riverside I (46,332) Firm Gas Transportation Agreement dated February 24, 1995, between Riverside Pipeline Company, L.P. ("Transporter" or "RPCLP") and Missouri Gas Energy, a Division of Southern Union Company ("Shipper" or "MGE")

Dear Mr. Langston:

As you know, on April 30, 1998, the Federal Energy Regulatory Commission ("FERC") in Docket No. CP96-152-000, ordered KansOk Partnership ("KOP"), Kansas Pipeline Partnership ("KPP") and Riverside Pipeline Company, L.P. ("RPCLP") to transfer their assets within sixty (60) days after said Order and to effectively operate as one interstate pipeline effective as of May 11, 1998 (hereafter "Order").

In compliance with this Order, and in accordance with the provisions of Sections 11.6 and 7.1 of this Agreement, RPCLP, the Transporter under this Agreement, hereby notifies MGE that all rights, duties and obligations of RPCLP under this Agreement have been transferred to and assumed by Kansas Pipeline Company, a Kansas general partnership (hereafter "KPC"), with KPC regulated by FERC as an interstate pipeline. After the assignment, KPC will stand in the shoes of RPCLP as to its rights, duties and obligations under the Agreement.

Section 11.6 of this Agreement permits this assignment to KPC without MGE's prior consent because the assignment falls within the exception to consent described in

Sections 11.6(i) and/or 11.6(ii). In fact, the subject assignment meets the criteria for both Sections 11.6(i) and 11.6(ii).

For your information, prior to the assignment, the beneficial owners of RPCLP, a Kansas limited partnership, were Syenergy Pipeline Company, L.P., a Kansas limited partnership, and Bishop Pipeline Company, a Kansas corporation. After the assignment, the beneficial owners of Kansas Pipeline Company, a Kansas general partnership, are Syenergy Pipeline Company, L.P. and Bishop Pipeline Company. The assignment constitutes a permissible assignment for which consent is not required under Section 11.6(i) because it involves an assignment to a party with the same beneficial owners as the assigning party pursuant to a corporate reorganization by merger, consolidation or assignment and assumption agreement involving substantially all the assets of RPCLP. In addition, the net worth of KPC will be greater than that of RPCLP.

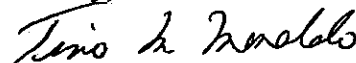
Second, the assignment constitutes a permissible assignment for which consent is not required under Section 11.6(ii) because the assignee, KPC, is controlled by the same person or persons (Syenergy Pipeline Company, L.P. and Bishop Pipeline Company) that controlled the assigning party (RPCLP).

For notice purposes in the future, please use the following:

Kansas Pipeline Company
Attention: Operations Division
8325 Lenexa Drive, Suite 400
Lenexa, KS 66214
Telephone: 913-888-7139
Telefax: 913-888-9254

I previously described this transaction to your counsel, Mr. Moriarty. RPCLP and KPC hereby formally notify you of the same. Thank you for your attention to this matter.

Sincerely,



**TINO M. MONALDO, Attorney for
Riverside Pipeline Company, L.P.
and Kansas Pipeline Company**

TMM:slh

cc: Dennis Morgan
James Moriarty
Joan Schnepf
Howard Lubow
Dennis M. Langley

MLT.5



KANSAS PIPELINE OPERATING COMPANY
8325 LENEXA DRIVE / SUITE 400
LENEXA, KANSAS 66214
913 888-7139 • FAX: 913 599-2573

April 26, 1999

Mr. Michael J. Langston
Vice-President, Gas Supply
Missouri Gas Energy, a division of
Southern Union Gas Company
504 Lavaca, Suite 900
Austin, TX 78701

Dear Mike:

Enclosed is a copy of Amendment III To The Amended And Restated Agreement Of Lease And Amended And Restated Operating Agreement (Amendment III).

Please note that the following operational modifications are now effective:

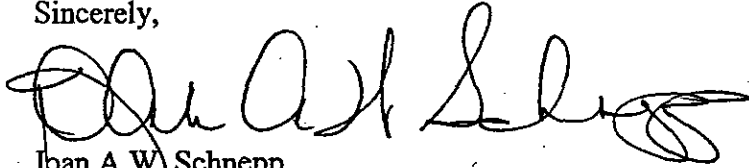
- 1) Receipt Point Percentages and Line Segment Requirements provided for are now: 50% of daily gas volumes delivered are to be sourced on Lines 7, 8 and 32; and at least 25% (total of 75%) may be sourced on Lines 7, 8, 23, 24 and/or 32;
- 2) Receipt Points available for gas supply sourcing, and their respective line segments, are listed beginning on Page 8 of the Amendment; and
- 3) The Transok portion of the fuel rate is now 1.25%.

The provisions of this Amendment, as incorporated into the Lease, are effective immediately. Receipt Points listed in the existing Exhibit "E" of the Lease will continue to be accepted for nomination purposes through May 31, 1999. Receipt points for nominations beginning June 1, 1999, will be governed by Amendment III.

Mr. Michael J. Langston
April 26, 1999
Page 2

If you have any questions about Amendment III, please feel free to call me. I will be happy to discuss the changes with you.

Sincerely,

A handwritten signature in dark ink, appearing to read "Joan A.W. Schnepf", with a stylized flourish at the end.

Joan A.W. Schnepf
Vice President, Operations

c/ Donna Hadley

**AMENDMENT III
TO THE
AMENDED AND RESTATED AGREEMENT OF LEASE AND
AMENDED AND RESTATED OPERATING AGREEMENT**

THIS Amendatory Agreement is made and entered into this 1st day of April, 1999, by and among TRANSOK, LLC, a Delaware limited liability company, hereinafter referred to as "TRANSOK," and KANSAS PIPELINE COMPANY, a Kansas General Partnership, hereinafter referred to as "KPC."

WHEREAS, on April 24, 1992, TRANSOK, Inc. and KansOk Partnership entered into a certain Amended and Restated Agreement of Lease and Amended and Restated Operating Agreement (the "Lease");

WHEREAS, on June 24, 1998, KansOk Partnership assigned the Lease to KPC, to be effective May 11, 1998;

WHEREAS, TRANSOK, Inc. was merged into TRANSOK on February 1, 1998;

WHEREAS, by Order issued October 3, 1997, the Federal Energy Regulatory Commission ("FERC") issued to TRANSOK a limited jurisdiction certificate under Section 7(c) of the Natural Gas Act to operate the capacity leased to KPC under the Lease; and

WHEREAS, TRANSOK and KPC desire to clarify, reclassify and otherwise amend the Lease for continued operation by both parties under FERC jurisdiction.

NOW, THEREFORE, for and in consideration of mutual covenants herein contained, TRANSOK and KPC agree to the following amendments:

1. All references to "KANSOK PARTNERSHIP" and "KOK" shall be deleted and replaced with "KANSAS PIPELINE COMPANY" and "KPC." All references to "TRANSOK, INC.," shall be deleted and replaced with "TRANSOK, LLC"
2. The recital section of the Lease shall be deleted in its entirety and replaced with the following new recital section:

WITNESSETH:

WHEREAS, KPC is qualified to conduct business in the State of Oklahoma as an interstate natural gas pipeline company;

WHEREAS, TRANSOK owns and operates an extensive intrastate pipeline system in the State of Oklahoma;

WHEREAS, TRANSOK also has leased capacity on the R-900 line of Oklahoma Natural Gas Transmission Company, which capacity may also be considered as part of TRANSOK's intrastate pipeline system;

WHEREAS, KPC desires to lease capacity in TRANSOK's Oklahoma intrastate pipeline system for the purpose of providing certain gas transportation and other transportation authorized pursuant to the Natural Gas Act and orders of the Federal Energy Regulatory Commission (FERC);

WHEREAS, TRANSOK is willing to lease a portion of its capacity in its intrastate pipeline system to KPC pursuant to a limited jurisdiction certificate issued under Section 7(c) of the NGA;

WHEREAS, TRANSOK is willing to operate and maintain the capacity leased in the intrastate pipeline system for KPC on the terms contained herein;

WHEREAS, the Parties have negotiated in good faith to more clearly define each Party's responsibilities and improve the Operations provided for by the Lease; and

WHEREAS, TRANSOK and KPC desire to amend and restate the Agreement of Lease and Operating Agreement, between the parties, both originally dated September 13, 1990.

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

3. Section 1.3 shall be deleted in its entirety and replaced with the following new Section 1.3:

1.3 KPC agrees to make gas volumes available to TRANSOK for receipt by TRANSOK at the Receipt Point(s) in the following manner:

- (i) At least seventy-five percent (75%) of the daily gas volumes nominated at any delivery point (the Primary Delivery Point and any Secondary Delivery Points) on Lines 7, 8 and 32, shall be delivered by KOK to the Receipt Point(s) on Lines 7, 8, 23, 24, and 32, as specified in Exhibit "E," provided that at least fifty percent (50%) of that amount shall be delivered by KOK to the Receipt Point(s) on Lines 7, 8 and 32, as specified in Exhibit "E," and shall not include Seasonal Exchange. Any remaining gas volumes may be delivered by KOK to any other Receipt Point specified in Exhibit "E."

Subject to KPC's imbalance rights contained in Article 3 of Exhibit "A," if KPC fails to deliver gas volumes to the Receipt Point(s) in the manner provided in this Section, then TRANSOK's obligation to deliver gas volumes to the Primary Delivery Point

and any Secondary Delivery Points on Lines 7, 8 and 32, shall be reduced by a percentage equal to the difference between KPC's percentage obligation as specified hereinabove and the percentage actually received at such Receipt Points.

4. The last sentence of Section 2.2 shall be deleted in its entirety and replaced with the following two new sentences:

^{UNILATERAL}
KPC shall have the right to extend the term of this Agreement to October 31, 2011 by so notifying TRANSOK at least six (6) months prior to October 31, 2009. KPC shall have the additional right to extend the term of the Agreement to October 31, 2015, subject to the mutual agreement of the parties as to the lease payments and Seasonal Exchange Fee hereunder.

5. In Section 2.3, the words "or TRANSOK's corporate relationship to Central and South West Corporation, or SEC approval under the Public Utility Holding Company Act of 1935" shall be deleted.

6. Section 4.1 shall be deleted in its entirety and replaced with the following new Section 4.1:

4.1 KPC agrees to pay TRANSOK for the lease of pipeline capacity based on the minimum yearly lease obligation provided in Exhibit D attached hereto, as hereinafter set out:

- (a) The monthly pipeline capacity lease payment shall be calculated as 9% of the minimum yearly lease obligation during January; 11% of the minimum yearly lease obligation during February and March; 9.5% of the minimum yearly lease obligation during April; 8.5% of the minimum yearly lease obligation during May; 6.25% of the minimum yearly lease obligation during June, July, August and September of each year; 8% of the minimum yearly lease obligation during October and November; and, 10% of the minimum yearly lease obligation during December. In the event the Seasonal Exchange is suspended, as provided in Section 4.3, then beginning with the next yearly period (November 1 through October 31) and continuing as long as the suspension continues, the monthly leased capacity payment shall be calculated as 10.5% of the minimum yearly lease obligation during December, January, February and March of each year; 10% of the minimum yearly lease obligation during November; 9.5% of the minimum yearly lease obligation during April; 8% of the minimum yearly lease obligation during May; 6.5% of the minimum yearly lease obligation during October; and, 6% of the minimum yearly lease obligation during June, July, August and September of each year.

(b) Monthly lease payments shall be adjusted upward each month by the amount derived by the following calculation when such calculation results in a positive number:

(i) the charge applicable to each Receipt Point during the month as specified on Exhibit "E" hereto multiplied by the volume allocated to each Receipt Point in accordance with the following allocation procedure:

1. If volumes are delivered by TRANSOK at only the Primary Delivery Point, volumes shall first be allocated to that Receipt Point (where volumes were received) having the lowest rate, as set forth on Exhibit "E," Section 1, until all volumes received at that Receipt Point have been accounted for, then to the Receipt Point (where volumes are received) having the next lowest rate until all volumes received at that Receipt Point have been accounted for, and so on, until all volumes delivered at the Primary Delivery Point shall have been allocated to Receipt Points.
2. If volumes are delivered by TRANSOK at only the Secondary Delivery Point(s), volumes shall be allocated to Receipt Points in the same manner as specified in subparagraph 1 above, except that rates shall be determined in accordance with Exhibit "E," Section 2.
3. If volumes are delivered by TRANSOK to the Primary Delivery Point and one or more secondary Delivery Points, volumes delivered to the Primary Delivery Point shall first be allocated in accordance with subparagraph 1 above, and, thereafter, volumes delivered to the Secondary Delivery Point(s) shall be allocated in accordance with subparagraph 2 above.
4. Any Receipt Point Volumes remaining (i.e., Receipt Point Volumes in excess of Delivery Point volumes) shall be accounted for as a Positive Imbalance. If volumes received at the Receipt Points are less volumes delivered to the Delivery Points, then such unallocated Receipt Point Volumes shall be charged the highest rate which could have been imposed pursuant to Exhibit "E" for the applicable Delivery Point.

5. For gas volumes delivered to the Seasonal Exchange, KPC shall be charged the pipeline capacity charge applicable to the Receipt Points, contained in Exhibit "E," Section 1, from which the gas was nominated to the Seasonal Exchange, pursuant to Section 4.2(b). No adjustment under Section 4.1(b) shall be made with respect to gas volumes which are nominated and delivered from the Seasonal Exchange, but any fuel charges otherwise imposed under Article 4 of Exhibit "A," shall be charged.

(ii) the respective monthly lease payment set forth in subsection 4.1(a) above shall be subtracted from the amount calculated in accordance with subsection 4.1(b) above.

7. Section 4.2(c) shall be deleted in its entirety and replaced with the following new Section 4.2(c):

(c) Each payment to TRANSOK due hereunder shall be by wire transfer to Chase Manhattan Bank N.A., New York, New York, ABA Number 021000021, Account Number 3230-69991.

8. Subparagraph (c) of Section 5.3 shall be deleted in its entirety and replaced with the following new Subparagraph (c):

(c) KPC's nomination for such capacity at the Secondary Delivery Points was made prior to TRANSOK's initial nomination deadline schedule for the following month, as set forth in its current Statement of Conditions for Transportation as filed with FERC.

9. The first sentence of Article 2, Paragraph A of Exhibit "A" shall be deleted and replaced with the following language: "KPC shall provide TRANSOK's Volume Control Group nominations for receipt and delivery of gas each month, on or before TRANSOK's nomination deadline schedule, as set forth in its current Statement of Conditions for Gas Transportation as approved by the appropriate regulatory authority, as such Statement of Conditions may be amended from time to time."

10. Article 3, Sections B, C and D of Exhibit "A" shall be deleted in their entirety and replaced with the following:

B. KPC is entitled to deliver into the pipeline capacity at the Receipt Points more than it receives at the Delivery Points (hereinafter "Positive Imbalance") or deliver into the

pipeline capacity at the Receipt Points less than it receives at the Delivery Points (hereinafter "Negative Imbalance") on a cumulative basis subject to the following:

- (i) During the Winter Period (as defined in Paragraph 1.3 of the Lease Agreement), KPC shall not exceed a cumulative imbalance of 150,000 MMBtu; and
- (ii) During the Summer Period (as defined in Paragraph 1.3 of the Lease Agreement), KPC shall not exceed a cumulative imbalance of 75,000 MMBtu.

C. Notwithstanding the above cumulative imbalance limits, KPC shall limit its deliveries to the Receipt Points and its receipts at the Delivery Points such that the daily receipts less the daily deliveries does not exceed a positive or negative 5,000 MMBtu's. Additionally, KPC may limit its deliveries to the Receipt Points and its receipts at the Delivery Points such that on one (1) day in every month the daily receipts less the daily deliveries does not exceed a positive or negative 7,500 MMBtu's. TRANSOK shall have no obligation to receive or deliver Imbalance Gas in excess of 5,000 MMBtu's on any day; provided, however, notwithstanding the foregoing limitation, if requested by KPC, TRANSOK shall be obligated to receive or deliver up to 7,500 MMBtu's on one day, as designated by KPC, during each calendar month.

- (i) KPC shall limit its deliveries to the Receipt Points and its receipts at the Delivery Points such that at the end of each month its imbalance, including positive or negative imbalances from previous months, is within five percent (5%) of the volumes delivered for KPC, less fuel, during each month.

D. Upon notification by TRANSOK to KPC that KPC has exceeded the tolerances stated herein, KPC shall immediately notify the appropriate KPC Shipper(s). KPC's Shipper(s) will provide immediate notification to KPC of the actions to be taken to correct the situation. If the KPC Shipper(s) do not take such actions promptly, KPC will (i) provide to TRANSOK said Shipper(s) then effective Receipt Points and TRANSOK will direct KPC's actions for reduction of Receipts and/or (ii) notify TRANSOK of appropriate reductions of Deliveries at the Delivery Point(s), so that imbalances are brought back into tolerance. If KPC fails to promptly provide TRANSOK the information described herein, TRANSOK may take actions to reduce Receipts and/or Deliveries based upon the information in its possession in order to bring imbalances back into tolerance.

11. Article 4, Paragraph A of Exhibit "A" shall be deleted in its entirety and replaced with the following language:

- A. KPC shall deliver to TRANSOK (in addition to the volumes being redelivered to KPC at the Delivery Point(s) under the Agreement) volumes of gas for fuel use, loss and unaccounted for gas (fuel charge) equal to one and one-quarter percent (1 ¼%) of the total MMBtu's of gas being delivered to the pipeline capacity Delivery Point(s) as a fuel charge for volumes received at Receipt Points listed on Exhibit "E" and one and one-half percent (1 ½%) of the total MMBtu's of gas incurred as a Seasonal Exchange.
- B. From October 1, 2002, until the termination of this Agreement, the fuel charge for TRANSOK's transmission line shall be amended to equal the actual fuel consumed on such portion of the pipeline, but the Seasonal Exchange fuel charge will remain the same as in subparagraph A above. The pipeline capacity shall not be reduced by such fuel charges; i.e., TRANSOK shall deliver the pipeline capacity (in MMBtu's) to the Delivery Points and KPC shall make available for receipt by TRANSOK at the Receipt Points the pipeline capacity (in MMBtu's) plus the fuel charge. If TRANSOK adds additional compression to its system in the future, the fuel charge shall be increased upon mutual agreement of the parties if the compression aids deliveries to KPC.
12. Article 10, Paragraph C of Exhibit "A" shall be deleted in its entirety and replaced with:
- C. TRANSOK agrees that it shall deliver the gas hereunder at a minimum pressure of 475 psig at the meter run at the Primary Delivery Point. However, TRANSOK is allowed to deliver the entire nominated quantity of gas at the Primary Delivery Point at a pressure less than 475 psig for up to 15 days (no more than 3 days consecutively) each year if it maintains a minimum pressure of 425 psig at the meter run of the Primary Delivery Point.
13. In Article 11, Paragraph B of Exhibit "A," the last sentence shall be deleted in its entirety and replaced with: "For all measurement of gas required in this Section, the BTU content per cubic foot shall be determined for a cubic foot of gas at a temperature of sixty degrees (60°) Fahrenheit, at an absolute pressure of fourteen and seventh-three hundredths (14.73) pounds per square inch on a dry basis."
14. In Article 13, Paragraph A of Exhibit "A," the words "fourteen and sixty-five hundredths (14.65) pounds per square inch" shall be deleted and replaced with "fourteen and seventy-three hundredths (14.73) pounds per square inch."
15. Article 13, Paragraph D of Exhibit "A" shall be deleted in its entirety and replaced with the following language:
- D. Shall for all lines, unless otherwise mutually agreed to in writing, not contain in excess of:

- (i) One percent (1%) by volume of carbon dioxide.
- (ii) One one-hundredth percent (0.01%) = (100 parts per million) by volume of oxygen.
- (iii) Two percent (2%) by volume of nitrogen.

16. Article 13, Paragraph E of Exhibit "A" shall be deleted in its entirety.

17. In Article 13, Paragraph F of Exhibit "A," the words "fourteen and sixty-five hundredths (14.65) pounds per square inch" shall be deleted and replaced with "fourteen and seventh-three hundredths (14.73) pounds per square inch."

18. Exhibit "E" of the Amended and Restated Agreement of Lease and Amended and Restated Operating Agreement shall be deleted in its entirety and replaced with the following:

Exhibit "E"

1. Primary Delivery Point

Quantities of gas delivered to the Primary Delivery Point any month during the Winter Period (November through April) equaling 50,000 MMBtu's multiplied by the number of days in the month, or less, and Summer Period (May through October) equaling 20,000 MMBtu's multiplied by the number of days in the month, or less, shall, for purposes of Section 4.1(b), be charged at the rates listed in the "Quantities Up To Minimum" column below. Monthly quantities delivered to the Primary Delivery Point during the Winter and Summer periods in excess of the above minimum stated MMBtu shall be charged at the rates per MMBtu as listed below in the "Quantities In Excess of Minimum" column.

Meter #	Meter Name	Line Segment	For Deliveries to Primary Delivery Point	
			Quantities Up To Minimum	Quantities In Excess of Minimum
000186	Chitwood	3	\$ 0.10	\$ 0.06
004121	Spring Valley	7	0.08	0.04
004411	Amoco Red Oak	23	0.10	0.05
004416	Amoco to Line 23	23	0.10	0.05
004420	Amoco Panola	23	0.10	0.05
004441	Enogex-McCurtain	R-900	0.10	0.05

004450	NorAm-Latimer (by displacement only)	23	0.10	0.05
004542	TOK-West Caddo	14	0.10	0.06
010221	Enogex-Red Oak	23	0.10	0.05
010235	Williams-Perry	7	0.08	0.04
010379	Okarche	8 &/or 32	0.065	0.04
010385	TOK/Limestone	23	0.10	0.05
010394	Enogex-Panther Mt.	23	0.10	0.05
010399	NorAm-AC (by displacement only)	23	0.10	0.05
010634	TOK/Anadarko	25	0.10	0.06
010646	Ozark (by displacement only)	23	0.10	0.05
010673	TOK/NAGS	17	0.10	0.06
010701	Cyril	14	0.10	0.06
010749	TOK/East Caddo	14	0.10	0.06
010854	Enogex Noble	1	0.10	0.06
011095	Kingfisher	32	0.08	0.04
011120	Chaney Dell	7	0.08	0.04
011185	Rodman	7	0.08	0.04

2. Secondary Delivery Points.

Quantities of gas delivered to the Secondary Delivery Points which, when added to the quantities of gas delivered to the Primary Delivery Point, any month during the Winter Period (November through April) equal 50,000 MMBtu's multiplied by the number of days in the month, or less, and any month during the Summer Period (May through October) equal 20,000 MMBtu's multiplied by the number of days in the month, or less, shall, for purposes of Section 4.1(b), be charged a per MMBtu rate which is the higher of (i) a rate which is One Cent (\$0.01) higher than the lowest rate being paid by any customer/shipper/transporter to TRANSOK for deliveries at Such Secondary Delivery Point, or a comparable delivery point

if no such deliveries are being made at such Secondary Delivery Point, provided such customer/shipper/transporter is delivering from comparable receipt points for delivery to the same or comparable delivery points and the duration of the nomination is the same as or similar to KPC's nomination, or (ii) the applicable rate listed in the "Quantities Up To Minimum" column in Section 1 above. Quantities delivered to the Secondary Delivery Points in excess of the minimum stated MMBtu's (which includes quantities delivered to both the Primary and Secondary Delivery Points) shall, with respect to each Secondary Delivery Point, be charged at a per MMBtu rate which is the lower of (i) a negotiated rate agreed to by the parties, if any, or (ii) the rate determined in accordance with item "(i)" in the preceding sentence.

19. The language contained on Exhibit "F" shall be deleted in its entirety and replaced with the following:

The Receipt Point(s) shall be those points listed under the column heading of "Meter Name" on Exhibit "E" hereto.

20. All terms and conditions of the Amended and Restated Agreement of Lease and Amended and Restated Operating Agreement shall remain in full force and effect, except as amended herein.

LESSEE:

Kansas Pipeline Company

By: Synergy Pipeline Company, L.P.,
Managing General Partner

By: Bishop Pipeline Company,
Managing General Partner of
Synergy Pipeline Company, L.P.

ATTEST:

Yvette C. Kohl
Assistant Secretary

Dennis M. Langley
Dennis M. Langley
President

LESSOR:
TRANSOK, LLC

ATTEST:



Name:
Title:

Name: ROBERT R. FIRTH
Title: VICE PRESIDENT

JFK

map

MGE
48.77%

AMENDED AND RESTATED AGREEMENT OF LEASE
AND
AMENDED AND RESTATED OPERATING AGREEMENT

This AMENDED AND RESTATED AGREEMENT OF LEASE including as an Exhibit "A" an Amended and Restated Operating Agreement (Agreement) is made and entered into this 24 day of April, 1992, by and between TRANSOK, INC., the lessor, an Oklahoma corporation, (TRANSOK), and KANSOK PARTNERSHIP, the lessee, a Kansas general partnership, (KOK), and amends and restates the Agreement of Lease between TRANSOK and KOK dated September 13, 1990, and the Operating Agreement between TRANSOK and KOK dated September 13, 1990.

W I T N E S S E T H:

WHEREAS, KOK is qualified to conduct business in the State of Oklahoma as an intrastate natural gas pipeline company; and

WHEREAS, TRANSOK owns and operates an extensive intrastate pipeline system in the State of Oklahoma; and

WHEREAS, TRANSOK also has leased capacity on the R-900 line of Oklahoma Natural Gas Transmission Company, which capacity may also be considered as part of TRANSOK's intrastate pipeline system; and

WHEREAS, KOK desires to lease capacity in TRANSOK's Oklahoma intrastate pipeline system for the purpose of providing certain intrastate gas transportation and other transportation authorized pursuant to Section 311(a)(2) of the Natural Gas Policy Act of 1978 (NGPA) and the regulations of the Federal Energy Regulatory Commission (FERC) thereunder as set forth in 18 CFR Part 284 Subpart C; and

WHEREAS, KOK will perform the Section 311(a)(2) transportation on behalf of Riverside Pipeline Company, L.P., an interstate pipeline company, subject to FERC regulation; and

WHEREAS, TRANSOK is willing to lease a portion of its capacity in its intrastate pipeline system to KOK;

WHEREAS, TRANSOK is willing to operate and maintain the capacity leased in the intrastate pipeline system for KOK on the terms contained in Exhibit "A" attached hereto;

WHEREAS, TRANSOK and KOK desire to amend and restate the Agreement of Lease and Operating Agreement, between the parties, both originally dated September 13, 1990.

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

ARTICLE I
LEASED CAPACITY

- 1.1 TRANSOK leases to KOK a total daily capacity of Seventy Thousand (70,000) MMBtu per day for the time period of June 1, 1992, until October 31, 1992, and ninety thousand ~~(90,000)~~ MMBtu per day thereafter in TRANSOK's Oklahoma intrastate pipeline transmission system (pipeline capacity) as such system currently exists, and as it may change from time to time by the addition of facilities under Article V herein, and as is more currently specifically described on the map attached hereto as Exhibit "B." The pipeline capacity leased does not cover any facilities owned by any affiliates or subsidiaries of TRANSOK, except to the extent that the Secondary Delivery Point identified as "PEPL:Beckham" is available to KOK. The above-described pipeline capacity does not include any rights to storage, liquids resulting from processing or drip on the system or

43,893

any other rights than those specifically provided for herein.

never affected transport - majorities in TRANSOK obligations

1.2 KOK recognizes and agrees that its right to the pipeline capacity is subject only to (1) the rights of Public Service Company of Oklahoma (PSO) on the TRANSOK system, ~~(2) the rights of one other party to whom TRANSOK has a firm obligation on the TRANSOK system, whose agreements are dated February 28, 1989, and February 1, 1990, including any amendments and replacements to such agreements that do not diminish the rights of KOK as compared to the original agreements, and~~ (3) the limitations and provisions in the Gas Pipeline Lease Agreement between TRANSOK and ONG Gas Transmission Company covering the R-900 line as designated on Exhibit "B" attached hereto. Notwithstanding anything in this Agreement to the contrary, the interruption or curtailment of the pipeline capacity leased to KOK due to the use of the facilities by the above mentioned Parties shall not be a breach of this Agreement. KOK acknowledges that it has been provided with an abstract of, or a true and correct copy of, the described ONG Agreement.

1.3 KOK agrees that its utilization of the pipeline capacity shall be limited as follows:

(a) During November 1 through April 30 (Winter Period) KOK shall deliver its daily gas volumes in the following manner:

At MAX Vol
21,947

(i) A minimum of fifty percent (50%) of the daily gas volumes nominated at the Primary Delivery Point, KN Energy: Custer Secondary Delivery Point and any Secondary Delivery Points on Lines 7 and 8 shall be delivered to the Receipt Points on Lines 7 and/or 8, and

At MAX Vol
15,363

(ii) A minimum of eighty-five percent (85%) of daily gas volumes nominated at the Primary Delivery

Point, KN Energy: Custer Secondary Delivery Point and any Secondary Delivery Points on Lines 7 and 8 shall be delivered to the Receipt Points on Lines 7, 8, 23 and/or 24, from the Seasonal Exchange;

(iii) The remaining gas volumes shall be delivered to any Receipt Points on TRANSOK's system.

traditional system only

19,508 (b) During May 1 through October 31 (Summer Period) when KOK nominates daily gas volumes of up to forty thousand (~~40,000~~) MMBtu at the Primary Delivery Point, KN Energy: Custer Secondary Delivery Point and any Secondary Delivery Points on Lines 7 and 8, it shall deliver its daily gas volumes in the following manner:

(i) A minimum of fifty percent (50%) of the daily gas volumes nominated at the Primary Delivery Point, KN Energy: Custer Secondary Delivery Point and any Secondary Delivery Points on Lines 7 and 8 shall be delivered to Receipt Points on Lines 7, 8, 23 and/or 24;

(ii) The remaining gas volumes shall be delivered to any Receipt Points on TRANSOK's system.

19,508 (c) During the Summer Period when KOK nominates daily gas volumes in excess of forty thousand (~~40,000~~) MMBtu's at the Primary Delivery Point, KN Energy: Custer Secondary Delivery Point and any Secondary Delivery Points on Lines 7 and 8, it shall deliver such excess daily gas volumes as follows:

(i) A minimum of fifty percent (50%) of the daily gas volumes nominated at the Primary Delivery Point, KN Energy: Custer Secondary Delivery Point and any Secondary Delivery Points on Lines 7 and 8 shall

be delivered at Receipt Points on Lines 7 and/or 8; and

(ii) A minimum of eighty-five percent (85%) of the daily gas volumes nominated at the Primary Delivery Point, KN Energy: Custer Secondary Delivery Point and any Secondary Delivery Points on Lines 7 and 8 shall be delivered at Receipt Points on Lines 7, 8, 23 and/or 24;

(iii) The remaining gas volumes shall be delivered to any Receipt Points on TRANSOK's position.

(d) KOK agrees to take a minimum daily volume of gas at Delivery Points on Lines 7, 8 and/or the KN Energy: Custer point as follows:

24,385 (i) ~~50,000~~ MMBtu/d during November, December, and January; and

14,631 (ii) ~~30,000~~ MMBtu/d during February, March and April; and

9,754 (iii) ~~20,000~~ MMBtu/d during the Summer Period.

Each day that KOK fails to take its daily gas volumes in the above manner, KOK shall pay TRANSOK a service fee of \$.25 per MMBtu times the difference between the volume of gas KOK was obligated to take and the volume of gas actually taken during such day. Such service fee is an obligation in addition to KOK's monthly lease payment obligations and shall be invoiced on a monthly basis.

(e) In the event TRANSOK's L-07 and L-19 are interconnected TRANSOK and KOK agree to negotiate in good faith to modify the utilization limitations herein, but the

failure to agree on any such modifications shall not otherwise affect this Agreement. *See pg 6A.*

1.4 TRANSOK and KOK agree to a seasonal exchange of gas (Seasonal Exchange) of up to two billion cubic feet (2 Bcf) on TRANSOK's pipeline system. The Seasonal Exchange may be utilized only in the following manner:

- (a) During the months of June, July and August, KOK may take at the Delivery Points less than it has delivered at the Receipt Points, but not exceeding volumes up to 22,000 MMBtu's per day.
- (b) During the months of November, December and January, KOK shall take at the Delivery Points more than it has delivered at the Receipt Points, but not exceeding 22,000 MMBtu's per day and the sum of the volumes from the previous Positive Seasonal Balance.
- (c) The Seasonal Exchange described herein by TRANSOK and KOK shall be an intrastate transaction.

— *See adtl. lang
pg 6AA*

ARTICLE II
EFFECTIVE DATE AND TERM

2.1 This Agreement shall become effective as of the first day of June, 1992, but for all purposes of priority hereunder (including, but not limited to, Section 1.2) be deemed to be effective September 13, 1990, and shall remain effective until October 31, 2009 (Initial Term), subject to any provisions herein providing for an earlier termination of this Agreement.

2.2 If neither Party terminates this Agreement by serving written notice of termination at least six (6) months prior to the expiration of such Initial Term, then this Agreement shall renew for an infinite number of successive one (1) year terms, with either Party hereto having the right to

1.3(f): "Subject to KOK's imbalance rights contained in Article 3 of Exhibit A, if KOK fails to deliver the volumes of gas in the manner provided in Section 1.3(a), (b) and/or (c), then Transok's obligation to deliver gas volumes to the Primary Delivery Point, KN Energy, Custer Secondary Delivery Point and any Secondary Delivery Points on Lines 7 and 8, shall be reduced by a percentage equal to the difference between KOK's percentage obligation and the percentage actually received at such Receipt Points."

6. KOK shall have the option of terminating or reducing the capacity leased under the Lease/Operating Agreement prior to the end of any term recited in the Lease/Operating Agreement any time either or both of the Base Load Contracts, defined as agreements for the sale of gas to Kansas Power and Light Company ("KP&L"), a subsidiary of Western Resources, Inc., pursuant to two contracts between KP&L and Kansas Pipeline Company, L.P., dated August 8, 1988, and Mid-Kansas Gas Gathering Co., L.P., dated January 10, 1990, as each agreement may be extended, amended, or replaced, expire and are not renewed or replaced during the term of the Lease/Operating Agreement. KOK warrants to exercise best efforts to renew or replace such Base Load Contracts. Similarly, KOK shall have the right on two (2) occasions during the term of the Lease/Operating Agreement to temporarily, partially or completely suspend its leased space capacity under the Lease/Operating Agreement and the payments due on any leased space which is partially or completely suspended thereunder, for up to two (2) calendar months on each of said occasions, if KP&L (or their assignees and/or transferees) partially or completely suspends its takes of volumes under either or both of the Base Load Contracts. Such suspension shall be effective on the first day of the month following at least fifteen (15) days notice to Transok, Inc. ("TOK") from KOK that it elects such suspension. KOK may elect to cancel the suspension and reactivate the Lease/Operating Agreement effective the first day of the first or second calendar month following the commencement of the suspension if it provides TOK at least fifteen (15) days notice of such cancellation prior to such reactivation date. Unless otherwise notified by KOK, TOK shall deem the two (2) suspension periods to run consecutively. If KOK fails to give notice to cancel the suspension as provided above, then this Lease/Operating Agreement shall terminate at the end of the period of suspension, unless TOK, in its sole discretion, agrees to extend this Lease/Operating Agreement.

terminate the Agreement by giving written notice at least six (6) months prior to the expiration of each successive extension. KOK shall have the right to extend the term of the Agreement to October 31, 2013, subject to mutual agreement of the parties as to the lease payments and Seasonal Exchange Fee hereunder.

- 2.3 If at any time the terms of this Agreement would in the reasonable opinion of TRANSOK or KOK, threaten KOK's or TRANSOK's status as intrastate pipelines, or TRANSOK's 311(a)(2) transportation service, or TRANSOK's corporate relationship to Central and South West Corporation, or SEC approval under the Public Utility Holding Company Act of 1935; then the Parties mutually agree to modify, alter or amend this Agreement in the manner which best and most completely fulfills the expressed understandings set forth in the four corners of this document and the original underlying intention of the Parties while at the same time reasonably resolving such threat(s). Only after all other reasonable options have been exhausted, then the Parties shall have the option of canceling this Agreement in order to resolve the above threats. Notwithstanding the above, TRANSOK shall not be required to modify, alter or amend this Agreement in a manner which would threaten its status as an intrastate pipeline.

ARTICLE III
USE OF LEASED PIPELINE CAPACITY

- 3.1 The leased pipeline capacity shall be used by KOK only for the rendition of intrastate and/or NGPA Section 311(a)(2) transportation and/or services, and KOK shall expressly make its transportation arrangements with its shippers subject to this condition and to Section 2.3..

ARTICLE IV
LEASE PAYMENTS

4.1 KOK agrees to pay TRANSOK for the lease of pipeline capacity as hereinafter set out:

(a) ~~KOK shall pay TRANSOK monthly minimum lease payments for each Summer Period and Winter Period, as provided in Exhibit "D" attached hereto. The lease payments for each year shall be paid monthly, with 1/6 of 75% of the lease payments for the year being paid each month of the Winter Period and 1/6 of 25% being paid each month of the Summer Period.~~

See pg 8A

(b) Monthly lease payments shall be adjusted each month by the amount derived by the following calculation when such calculation results in a positive number:

(i) The charge applicable to the Receipt Point volumes during such month from the applicable category obtained from Exhibit "E" attached hereto times the total gas volumes delivered at the Primary Delivery Point (When volumes delivered to the Receipt Points exceed the deliveries at the Primary Delivery Point, the lowest rate category applicable to the nomination shall be allocated volumes first, followed by the next lowest until the entire nomination is placed in rate categories. The remaining volumes shall be charged the Category A rate and carried as a Positive Imbalance. When volumes delivered to the Receipt Points are less than the deliveries to the Primary Delivery point, then the shortfall volumes shall be charged the Category A rate.), plus all charges for volumes delivered to Secondary Delivery Points, such rates being determined by

Section. 4.1(a)

"KOK shall pay Transok a monthly pipeline capacity lease payment based on the minimum yearly lease obligation provided in Exhibit D attached hereto.

The monthly pipeline capacity lease payment shall be calculated as 1/3 of 23% of the minimum yearly lease obligation during the months of June, July and August, 1/3 of 12.5% during the months of September, October and May, 1/3 of 27% during the months of November, December, and January, and 1/3 of 37.5% during the months of February, March and April (all such calculations rounded to the nearest increment of \$500).

In the event the Seasonal Exchange is suspended, as provided in Section 4.3, then beginning with the next yearly period (November 1 through October 31) and continuing as long as the suspension continues, the monthly leased capacity payment shall be calculated as 1/6 of 75% of the minimum yearly lease payment for the Winter Period and 1/6 of 25% of the minimum yearly lease payment for the Summer Period.

mutual agreement of the parties on a case by case basis; minus

(ii) the respective monthly lease payment set forth in subsection 4.1(a) above.

(iii) TRANSOK shall have the right, from time to time, to move any Receipt Point or Points on Exhibit "E" from their existing category to any other category in Exhibit "E" when such Receipt Point or Points are included in any "low pressure gathering system" on TRANSOK's pipeline system. TRANSOK shall, in its sole discretion, designate such low pressure gathering systems upon completion of the capital investment to accomplish such lower pressure and notify KOK of such Receipt Point changes. *See pg. 9A*

4.2 The monthly lease payments shall be paid in two installments:

- (a) The first installment of the monthly minimum lease payment provided in Subsection 4.1, a., is due and payable on the first day of the month in which this Agreement is effective; and thereafter on the first working day of each following calendar month.
- (b) The remaining installment (for the payment due under Section 4.1(b)), if any, is due and payable seven (7) days after the posting date of the invoice sent by TRANSOK, or the 25th day of the month following use of the leased capacity, whichever is later.
- (c) Each payment to TRANSOK due hereunder shall be by wire transfer to the Bank of Oklahoma, Tulsa, Oklahoma, crediting TRANSOK's account number 206832322.

4.1(b)(iv): "For gas volumes delivered to the Seasonal Exchange, KOK shall pay the pipeline capacity charge applicable to the Receipt Points, contained in Exhibit E, from which the gas was nominated to the Seasonal Exchange, pursuant to Section 4.2(b). No monthly pipeline capacity charge shall be applied at the time gas volumes are nominated and delivered from the Seasonal Exchange, except to the extent of any fuel charges under Article 4 of Exhibit A."

4.3 KOK shall pay TRANSOK an Annual Seasonal Exchange of \$1,050,000 for the first year of the Agreement and \$860,000 a year thereafter. The payments shall be made as follows:

(a) During the first year, KOK shall pay \$355,000 on December 26, 1992, \$355,000 on January 25, 1993, and \$345,000 on February 25, 1993.

(b) Thereafter, and until February 25, 1995, KOK shall pay \$290,000 on each December 26 and January 25, and \$280,000 on each February 25.

(c) The Annual Seasonal Exchange Fee shall be redetermined for each period beginning 6/1/95, 6/1/98, 6/1/2002 and 6/1/2006 (Redetermination Dates). The redetermined fee shall be equal to the difference between the average Index Price, for the months of November, December and January of the previous 3 years and the average Index Price for the months of June, July, and August of the previous 3 years times 2 billion cubic feet (2 Bcf). The Index Price shall be the price per MMBtu, dry, contained in Natural Gas Week for spot market sales of gas under the row "Midcontinent," and in the column "Delivered to Pipeline" for the applicable months. If Natural Gas Week ceases to publish such prices, then the parties agree to negotiate to agree on another index which most closely reflects the previous index. Either party may elect to suspend the Seasonal Exchange until the next Redetermination Date (and incur no further obligation during such suspended period) by giving written notice to the other at least 60 days prior to such current Redetermination Date. The failure to elect to suspend shall deem that both parties shall continue the Seasonal Exchange at the redetermined fee until the next redetermination date or

termination of the Agreement, whichever is applicable. The redetermined fee for each year of the Seasonal Exchange shall be paid in 3 equal installments on each December 26, January 25, and February 25 of such yearly period.

(d) Payments shall be made by wire transfer to the same account as pipeline capacity payments.

4.4 If pipeline capacity is made available for less than a full month due to this Agreement commencing on a day other than the first day of a month or terminating on a day other than the last day of a month, the monthly payment shall be the regular monthly payment as set forth above times a fraction, the numerator of which shall be the number of days capacity was made available, and the denominator of which shall be the total number of days in such month.

4.5 In the event KOK shall fail to pay any amount due TRANSOK when the same is due, interest thereon shall accrue at a varying rate per annum (based on a year of 365 or 366 days, as the case may be) which shall be one hundred fifteen percent (115%) of the prime rate charged by major money center banks, as published in the Wall Street Journal, to their largest and most credit-worthy commercial borrowers on ninety (90) day commercial loans (but in no event greater than the maximum rate of interest permitted by law) with adjustments in such rate, for any period during which the same shall be overdue, such interest to be paid when the amount past due is paid. If such failure to pay continues for thirty (30) days, TRANSOK may suspend KOK's access to the leased capacity. In addition, advance cash payments or acceptable security (including, but not limited to, an irrevocable letter of credit from a financial institution in an amount acceptable to TRANSOK) shall be given by KOK upon demand of TRANSOK, if KOK has failed to make payments when

due and owing hereunder. KOK agrees that its failure to abide by the provisions of this Paragraph shall be considered a breach hereof and in such event, TRANSOK may, without waiving any other rights or remedies it may have, deny KOK access to the leased capacity until such payment is received. KOK's duty to provide the hereinabove credit assurance is a condition precedent to TRANSOK's obligation to perform under this Agreement. The exercise of such rights shall be in addition to any and all other remedies available to TRANSOK. In the event TRANSOK pursues collection on late payment and prevails in a judgment or arbitration award, KOK shall be liable for all expenses and costs, including reasonable attorney fees, incurred as a result of such failure to timely pay. Nothing herein shall require that KOK shall pay interest on any amount invoiced by TRANSOK if KOK has challenged the invoice in writing and such invoice is ultimately determined to be in error; provided, however, interest shall be due on any invoice, or portion thereof, challenged but not found to be in error. In addition, if just a portion of the invoice is challenged, KOK shall pay when due the portion of the invoice which is not challenged.

- 4.6 Notwithstanding anything to the contrary herein, KOK's lease payment obligation herein shall not be reduced, except when the pipeline capacity available to it has been reduced in accordance with Section 1.2 or Section 9.4 herein.

ARTICLE V
RECEIPT AND DELIVERY POINTS

- 5.1 Gas delivered or caused to be delivered by KOK or its shippers shall enter the facilities in which pipeline capacity has been leased hereunder at the point or points (Receipt Point(s)), as set forth in Exhibit "F" to this Agreement.

5.2 Gas delivered or caused to be delivered for KOK to its shippers, for their accounts, or for KOK'S own account shall leave the facilities in which pipeline capacity has been leased hereunder at the point or points (Delivery Point(s)), as specifically set forth in Exhibit "G."

5.3 The Parties agree that the Primary Delivery Point set out in Exhibit "G" shall be utilized as the primary delivery point for all leased capacity volumes (90,000 MMBtu/d) moved under this Agreement and that KOK shall have priority over any other party leasing space or transporting gas on TRANSOK'S pipeline in regard to the utilization of capacity at such meter and point.

If KOK does not utilize the Primary Delivery Point for the full amount of capacity to which it is entitled herein it shall be entitled to use the remaining amount of pipeline capacity for deliveries to the Secondary Delivery Points set out in Exhibit "G" on a "Sufficient Capacity" basis. It shall be deemed that Sufficient Capacity is available at the Secondary Delivery Points when:

- (a) TRANSOK is physically capable of delivering such gas to the nominated Secondary Delivery Points under the physical conditions existing on its system at such time; and
- (b) The capacity is not being utilized by TRANSOK for other lease capacity, firm transportation or sales customers; and
- (c) KOK agrees to pay TRANSOK, a lease rental pursuant to Section 4.1(b) which is One Cent (1¢) more than the lowest price being paid by any customer/shipper/transporter of TRANSOK at such Secondary Delivery Point and thereby be entitled to have a higher

priority access than the volume being bumped to such Secondary Delivery Point; i.e., KOK may pay a lease rate equal to One Cent (1¢) higher than the lowest transportation rate of any TRANSOK customer/shipper/transporter and have a greater prior access to any particular Secondary Delivery Point than such customer/shipper/transporter;

and

KOK's nomination for such capacity at the Secondary Delivery Points was made prior to the beginning of the month of delivery.

Any nomination by KOK in accordance with these provisions and the other applicable provisions herein will be accepted by TRANSOK for the Secondary Delivery Point(s) for the entire month or the portion thereof nominated by KOK. Any nomination to a Secondary Delivery Point by KOK after the nomination deadline for the next month shall be accepted by TRANSOK only if subparagraph (a) is satisfied and if the nomination will not bump or displace any customers of TRANSOK, firm and/or interruptible, at such Secondary Delivery Point.

- 5.4 The parties agree that additional Receipt Point(s) and Secondary Delivery Point(s) may be added to this Agreement from time to time to facilitate KOK's utilization of this Agreement immediately upon the parties' mutual agreement on the terms upon which the new points will be added. Exhibit "B" shall be amended or superseded semiannually, each January 1 and July 1, to add the new Receipt Points that have been constructed on the TRANSOK system pursuant to such agreements. Exhibit "C" shall be amended or superseded at the time of mutual agreement of the Parties. Unless otherwise agreed, all new or additional receipt and/or delivery facilities that may be required for the utilization of the capacity leased hereunder for Delivery and Receipt

Points not on Exhibits "B" and "C" as of the date of execution of this Agreement will be designed, constructed, maintained, owned, and operated by TRANSOK.

- 5.5 Receipt and Delivery Point(s) shall be deemed to be located at the flanges connecting (a) the facilities owned by TRANSOK in which capacity is leased hereunder with (b) those facilities owned by KOK, leased by KOK from parties other than TRANSOK, or used by KOK or its gas supplier, shipper, customer, or Receiving Party for the delivery to and receipt from facilities in which pipeline capacity is leased hereunder.

ARTICLE VI
POSSESSION OF GAS AND RESPONSIBILITY

- 6.1 It is understood that gas belonging to or transported by KOK and received by the facilities in which pipeline capacity is leased hereunder will be commingled with gas belonging to, or transported by TRANSOK. Nevertheless, it is understood and agreed that each Party hereto shall own its own gas and that each Party shall be a tenant in common of said commingled stream in the pipeline capacity in the proportion that gas put into such facilities by such Party bears to the entire commingled stream.

- 6.2 Gas delivered from said commingled stream shall amount to a partition of the gas, and title and/or control of the gas delivered shall be in the Party to whom the same is delivered.

ARTICLE VII
OPERATION OF PIPELINE

- 7.1 Operation of the pipeline shall be in accordance with the Exhibit "A" attached hereto, having a term commensurate with this Lease.

ARTICLE VIII

TAXES

- 8.1 TRANSOK shall be responsible for any and all real estate taxes levied by any authority on the facilities in which capacity is leased hereunder. If KOK is required by law to pay any such real estate taxes, such payment(s) shall be credited against the monthly pipeline capacity payments due pursuant to Article IV until such credit is extinguished.

ARTICLE IX

FORCE MAJEURE AND PRORATION OF PIPELINE CAPACITY

- 9.1 If either Party is rendered unable by force majeure, or any other cause of any kind not reasonably within its control, wholly or in part, to perform or comply with any obligations or conditions of the Agreement (other than its obligation to make payments due hereunder), upon such Party's giving timely notice and reasonably full particulars to the other Party, such obligation or condition shall be suspended during the continuance or the specific inability so caused, and such Party shall be relieved of liability and shall suffer no prejudice for failure to perform the same during such period. The cause of suspension (other than strikes or differences with workmen) shall be remedied so far as possible with reasonable dispatch. Settlement of strikes and differences with workmen shall be wholly within the discretion of the Party having difficulty. The Party having difficulty shall notify the other Party of any change in circumstances giving rise to the suspension of its performance and of its resumption of performance under the Agreement.

- 9.2 The term "force majeure" shall include, without limitation by the following enumeration: acts of God and the public enemy, the elements, fire, accidents, breakdowns, strikes, differences with workmen, and any other industrial, civil or public disturbance, failure to obtain necessary government authorizations, any act or omission beyond the control of

the Party having the difficulty, and restrictions or restraints imposed by laws, orders, rules, regulations, or acts of any government or governmental body or authority, civil, or military, the necessity or desirability of making repairs or alterations of machinery, equipment of lines of pipe, freezing of equipment, or lines of pipe, and any other causes, whether of the kind herein enumerated or otherwise, not reasonably within the control of the Party claiming suspension. Force majeure likewise includes: (i) in those instances when either Party hereto is required to obtain servitudes, right-of-way grants, permits or licenses to enable such Party to acquire, or the delays on the part of such Party in acquiring, at reasonable costs and after the exercise of reasonable diligence, such servitudes, rights-of-way, grants, permits, or licenses and (ii) in those instances where either Party is required to furnish materials, supplies, or equipment for construction, installing, or maintaining facilities or equipment, or is required to secure, permits or permission from any governmental agency, federal, state or local, civil or military, to enable such Party to fulfill its obligations hereunder, the inability of such Party to acquire or install or both, supplies, equipment, permits and permission. Events of force majeure upstream of the Receipt Points shall also be deemed events of force majeure hereunder.

9.3 Notwithstanding the foregoing, it is specifically understood and agreed by the Parties hereto that force majeure shall in no way terminate the Parties' obligations to balance those volumes of gas received and delivered hereunder, but such parties' obligations shall be suspended during such period of force majeure.

9.4 If a force majeure event reduces the pipeline capacity available to KOK hereunder at the Primary Delivery Point for gas volumes used for space heating by KOK's customers (space

heat volumes), then TRANSOK agrees to use its best efforts to provide KOK capacity equal to the displaced space heat volumes at unaffected Secondary Delivery Points for the time period of the force majeure event. The term "best efforts" shall be defined as the use of reasonable effort and due diligence in performing the obligation, subject to any good faith exercise of judgment and discretion in the conduct of the performer's business and without the duty to perform the obligation at an economic loss, provided, however, that TRANSOK will displace interruptible volumes, even if moving at a higher rate, at the requested Secondary Delivery Points with the KOK volumes. If capacity can't be made available, then the monthly payment shall be adjusted by multiplying the regular monthly payment by a fraction, the numerator of which shall be the sum of the daily capacity available to KOK on each day of such month, and the denominator of which shall be the product of the daily capacity leased hereunder times the number of days in such month. If a force majeure event reduces the ability of the parties to perform the Seasonal Exchange, the exchange period shall be extended into February, or longer if necessary, for the same amount of days as were interrupted, and the Annual Seasonal Exchange Fee shall be reduced by an amount equal to the Index Price of the month or months of interruption times the volumes affected. On March 25 of each year that the Seasonal Exchange Period is extended into February due to force majeure events during the regular period, KOK shall pay TRANSOK for the extended period of the Seasonal Exchange in the following manner:

Payment = (Index Price of the month the force majeure event occurred minus Index Price of make-up month) X volumes affected by force majeure

The "Index Price" shall be determined the same as provided in Section 4.3(c). TRANSOK shall not owe KOK any payment if

the above calculation results in a negative number. For the first year of the Seasonal Exchange, TRANSOK shall be paid at least \$860,000, notwithstanding the result of such adjustment.

- 9.5 Routine maintenance and repair described in Article 1 of the Exhibit "A" attached hereto shall not constitute force majeure and the full pipeline capacity payment and Seasonal Imbalance Fee shall be due during such periods, provided that TRANSOK agrees to make a good faith effort to provide KOK other capacity, equal to the amount of capacity unavailable to KOK, at unaffected Secondary Delivery Points for the time period of the maintenance and/or repair.

ARTICLE X LIABILITY

- 10.1 TRANSOK shall be responsible for loss or physical damage to the facilities in which capacity is leased hereunder, including equipment necessary to carry out its performance under this Lease, unless such loss or damage is due in part or whole to the negligent acts, breach of this Agreement, or omissions of KOK, in which case KOK will be responsible for such loss.

ARTICLE XI WARRANTIES

- 11.1 Each Party hereto warrants good title or the good right to its respective volume of gas in the commingled stream and that such gas shall be free and clear of all liens and adverse claims; and each Party agrees with respect to its respective volume of gas, to indemnify the other Party against all suits, actions, debts, accounts, damages, costs (including attorney's fees), losses and expenses arising from or out of any adverse claims of any and all persons to or against said gas.

11.2 KOK warrants that it is qualified to conduct business in the State of Oklahoma as an intrastate natural gas pipeline company; that it presently owns and operates intrastate natural gas transportation facilities in the State of Oklahoma; and that it is currently engaged in transportation not subject to the Natural Gas Act; and that it will properly file all documents and obtain all approvals related to its leased capacity which are necessary to maintain the intrastate status of the pipeline facilities.

11.3 Each Party hereto further hereby warrants to the other that entering into and performance of this Lease have been duly authorized by all necessary corporate action and that, to the best of its knowledge, no legal impediment exists to its performance hereunder.

ARTICLE XII GOVERNMENTAL RULES AND REGULATIONS

12.1 Subject to the terms of Sections 2.3, this Agreement shall be subject to all present and future state and federal laws, orders, directives, rules and regulations of any governmental body or official having jurisdiction, and neither Party has or will knowingly undertake or knowingly cause to be undertaken any activity which would conflict with such laws, orders, directives, rules or regulations; provided, however, that nothing herein shall be construed to restrict or limit either Party's right to object to or contest any such law, order, directive, rule or regulations.

ARTICLE XIII ASSIGNMENT

13.1 The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the successors, assigns

and legal representatives of the Parties hereto. Neither Party may assign this Lease or any of its rights or obligations hereunder, without the prior written consent of the other Party, but consent to assignment will not be unreasonably withheld. However, this Agreement may be assigned without the consent of the non-assigning Party to an affiliate or subsidiary of TRANSOK or KOK (or to an affiliate of any of the partners of KOK) or by TRANSOK or KOK in conjunction with a sale of all or substantially all of the assets of either company.

- 13.2 No assignment shall in any way relieve the assignor of any obligation it may have hereunder.

ARTICLE XIV
NOTICES

- 14.1 Except when otherwise provided herein, any notice, request, demand, or statement provided for in this Agreement shall be in writing and shall be deemed given upon receipt when sent by telecopy, telex or other telecommunication, or upon deposit, when deposited with the United States Postal Service, registered or certified mail with postage prepaid and directed to the post office address of the Parties as follows:

TRANSOK: TRANSOK, INC.
P. O. Box 3008
Tulsa, Oklahoma 74101
Attention: Vice President, Gas Supply,
Transportation and Marketing
Phone: (918) 561-9069
FAX: (918) 561-9341

KOK: KANSOK PARTNERSHIP
c/o Kansas Pipeline Operating Company
Suite 170, Corporate Square
335 N. Washington
Hutchinson, Kansas 67501
Attention: Dennis M. Langley
Phone: (316) 662-6445
FAX: (316) 665-5961
and

KANSOK PARTNERSHIP
c/o Kansas Pipeline Operating Company
600 Commerce Plaza
7300 West 110th Street
Overland Park, Kansas 66210
Attention: Vice-Pres., Supply and Transportation
Phone: (913) 451-3330
FAX: (913) 451-4719

- 14.2 Either Party may from time to time designate as the address for notification under this Article any other address of its choice by delivery of registered mail to the other Party.

ARTICLE XV
COUNTERPART EXECUTION

- 15.1 This Agreement may be executed in any number of counterparts, no one of which need be executed by all Parties, or may be ratified, adopted or consented to by separate instrument, in writing specifically referring hereto, and shall be binding upon all Parties who execute a counterpart, ratification, adoption or consent with the same force and effect, and to the same extent as if all such Parties had executed and signed the same document, with each separate counterpart, ratification, adoption or consent deemed to be an original.

ARTICLE XVI
MISCELLANEOUS

- 16.1 No waiver by either TRANSOK or KOK of any default by the other under this Agreement shall operate as a waiver of any future default, whether of like or different character or nature. Each Party shall use best efforts to mitigate any damages hereunder.

- 16.2 The numbering and titling of particular provisions of this Agreement are for the purposes of facilitating administration and shall not be construed as having any substantive effect on the terms of this Lease.
- 16.3 The terms of this Agreement shall be construed according to the laws of the State of Oklahoma, except that the conflict of laws rules shall not be used to apply the substantive law of another state.
- 16.4 Any and all disputes arising between and/or among the Parties hereto shall be submitted to arbitration pursuant to the rules and regulations of the American Arbitration Association; and the resolution of any such disputes shall be specifically enforceable in any court of proper jurisdiction by injunctive relief, execution, monetary damages and/or any other relief or remedy ordered by the Arbitrator(s). The Parties may, but shall not be required to, enter into an Addendum hereto that modifies, supplements, alters, or expands the rules, regulations, and procedures of the American Arbitration Association.
- 16.5 The various articles, paragraphs, sections, provisions and clauses of this Agreement are severable. The invalidity of any portion hereof shall not affect the validity of any other portion of or the entire Agreement.
- 16.6 The attached Exhibits "A" through "G", as such Exhibits may be amended from time to time, are incorporated herein and specifically made a part hereof by reference. No modification of this Agreement shall be effective unless reduced to writing and duly executed by the Parties hereto.
- 16.7 The Parties each agree to fully waive any right they may have to seek and collect punitive, consequential, indirect

and special damages from the other Party, but each party shall retain the right to seek and collect actual damages from the other Party.

16.8 The following provisions shall survive the termination of this Agreement and shall remain in full force and effect following such termination as if the Agreement had not been terminated:

- (a) The obligation of KOK to pay monthly pipeline capacity Seasonal Exchange payments attributable to periods preceding the date of termination which are due and payable pursuant to Article IV;
- (b) the obligation to balance gas taken or owed after the term of this Agreement;
- (c) the payment of taxes pursuant to Article VIII;
- (d) the provisions of Article XI;
- (e) Sections 16.1 and 16.3 herein; and
- (f) Article 7 of Exhibit "A."

16.9 The Parties hereto agree that they will execute, acknowledge, and deliver an affidavit in a recordable form setting forth the existence of this Lease such that same may be recorded among the Land Records of the counties wherein the facilities in which capacity is leased hereunder are situated. Recording and like charges shall be paid by KOK.

16.10 In interpreting this Agreement, it is acknowledged by TRANSOK and KOK that this Agreement was prepared jointly by the Parties, and not by either Party to the exclusion of the other Party, and that in preparing this Agreement, each Party had access to advice of its own counsel.

16.11 KOK will not encumber and shall keep its leased capacity free and clear of all liens, encumbrances, and/or judgments. If a lien encumbrance, and/or judgment is filed against KOK on any portion of TRANSOK's facilities, KOK shall cure or otherwise satisfy it within sixty (60) days after its filing or provide TRANSOK a bond or other security, acceptable to TRANSOK. TRANSOK may cancel this Agreement if the lien, encumbrance, and/or judgment is not cured or satisfied, or the bond or other security is not provided within the 60 day time period.

IN WITNESS WHEREOF, this Agreement is executed in duplicate originals as of the day and year first hereinabove written.

LESSEE:

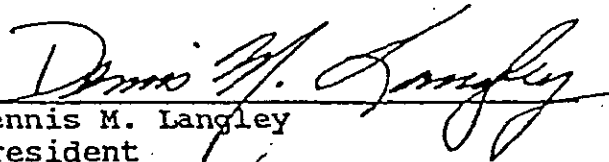
KANSOK PARTNERSHIP

By: Syenergy Pipeline Company, L.P.,
Managing General Partner of
Kansok Partnership

By: Bishop Pipeline Company,
Managing General Partner of
Syenergy Pipeline Company, L.P.

ATTEST:


Assistant Secretary

By: 
Dennis M. Langley
President

ATTEST:

LESSOR:
TRANSOK, INC.

By: Michael D. Palmer
~~Norma Jean Lannen~~
Asst. Corporate Secretary

By: Richard L. Krueger
Richard L. Krueger
Vice President *r l*

EXHIBIT "A"

AMENDED AND RESTATED OPERATING AGREEMENT

ATTACHED TO AMENDED AND RESTATED AGREEMENT OF LEASE

BETWEEN

TRANSOK, INC., THE LESSOR

AND

KANSOK PARTNERSHIP, THE LESSEE

ARTICLE 1
SERVICES

- A. TRANSOK shall perform or cause to be performed all inspection, testing, dispatching, operations, maintenance, and repairs of the facilities described at Exhibit "B," Exhibit "F," and Exhibit "G" of the Agreement to make available to KOK the capacity leased under this Agreement.

All operating, maintenance, and repair services shall be performed in a good and workmanlike manner in accord with accepted pipeline industry standards and practices and all applicable laws and regulations.

- B. TRANSOK shall maintain all required safety and other records and timely file all required reports with any regulatory or government agency having jurisdiction over the operation, maintenance, or repair of said facilities utilized for the leased capacity, including but not limited to records and reports required by the State of Oklahoma or its agencies and the Office of Pipeline Safety of the Department of Transportation. Only such records pertinent to this Agreement shall be available for inspection by KOK or its authorized agents at the regular business hours of the TRANSOK office where such records are maintained on file.

- C. Either Party shall have the right at reasonable hours to examine the books, records and charts of the other Party to the extent necessary to verify the accuracy of any statement, payment calculations or determinations made pursuant to the provisions contained herein. The accuracy of any statement, payment calculations or determinations made pursuant to the provisions contained herein shall be conclusively presumed to be correct after two years from the date thereof if not challenged prior thereto. If any such examination shall reveal, or if either Party shall discover,

any error in its own or the other Party's statements, payment calculations or determinations, then proper adjustment and correction thereof shall be made as promptly as practicable thereafter.

- D. It is understood and agreed that at certain times KOK may temporarily not be utilizing all of the capacity to which it is entitled under this Agreement. In such event, KOK shall permit TRANSOK to make use of such non-utilized capacity, without compensation to KOK, for such period of time as such unused capacity is not required for KOK's own purposes.

ARTICLE 2
OPERATIONS AND DISPATCHING SERVICES

- A. KOK shall provide TRANSOK's Volume Control Group an estimate of the quantities of gas for receipt and delivery for each month on or before the 25th day of the preceding month. In addition, TRANSOK's Gas Control Department and KOK's corresponding department or personnel shall daily, at a mutually agreeable time, exchange information by telephone or facsimile sufficient for each to maintain log data showing estimates of (a) the quantities of gas delivered by and for KOK at each Receipt Point and Delivery Point under this Agreement during the preceding twenty-four (24) hour period; and (b) the quantities of gas scheduled to be delivered by and for KOK at each Receipt Point and Delivery Point under this Agreement during the succeeding twenty-four (24) hour period. Such estimates shall separately identify the quantities of gas nominated for the Seasonal Exchange and/or the Delivery Points and shall further be provided in both MCF's and MMBtu's, on a dry basis. Each Party shall maintain a written log of such daily estimates.
- B. Each Party shall notify the other's Volume Control Group by telephone or facsimile forty-eight (48) hours in advance of

any planned shutdown or curtailment of any receipts or deliveries of gas by either Party and confirm such notice, if made by telephone, in writing. In case of emergency or unscheduled shutdown or curtailment of any receipts or deliveries of gas by either Party or any planned shutdown or curtailment on a holiday or weekend, notice should be provided directly to the respective Gas Control Departments.

C. If KOK is advised by any of its shippers or any upstream or downstream transporter or operator to increase, reduce, or suspend deliveries utilizing capacity under this Agreement, KOK shall immediately notify TRANSOK orally and shall confirm such notification in writing, of such increase, reduction, or suspension. Similarly, if under this Agreement, TRANSOK is entitled or required to reduce the capacity available thereunder, TRANSOK shall provide immediate oral notice to KOK followed by written confirmation.

D. On or before the twentieth (20th) day of each Accounting Month, TRANSOK shall provide a statement to KOK setting forth the quantity of gas, expressed in both MCF's and MMBtu's, on a dry basis, received at each Receipt Point and delivered for the Seasonal Exchange under this Agreement during the previous Accounting Month; the total quantity of gas received under said Agreement; the quantity of gas retained hereunder for fuel, use and loss as provided in Article 4, and the total quantity of gas delivered under this Agreement. KOK shall, on a yearly basis, verify its concurrence with such statements or state its objection to such statements in writing.

ARTICLE 3
IMBALANCES

A. It shall be the responsibility of KOK to control, and, if necessary, adjust receipts and/or delivery of volumes of gas in order to maintain its utilization of the pipeline capacity and Seasonal Exchange within the terms herein and the Agreement. Nothing herein shall limit TRANSOK's right to take action as may be required to adjust receipts and deliveries of gas, including suspending utilization of the pipeline capacity, in order to alleviate conditions that threaten the physical integrity of the TRANSOK system.

B. KOK is entitled to deliver into the pipeline capacity at the Receipt Points more than it receives at the Delivery Points (hereinafter "Positive Imbalance") or deliver into the pipeline capacity at the Receipt Points less than it receives at the Delivery Points (hereinafter "Negative Imbalance") on a cumulative basis each month (both hereinafter "Interim Imbalance"), subject to the following:

(i) During the Winter Period (as defined in Paragraph 1.3 of the Lease Agreement), KOK shall not exceed an Interim Imbalance of ~~150,000~~ MMBtu; and

73,155

(ii) During the Summer Period (as defined in Paragraph 1.3 of the Lease Agreement), KOK shall not exceed an Interim Imbalance of ~~75,000~~ MMBtu.

36,577

C. Notwithstanding KOK's Interim Imbalance rights, KOK shall limit its deliveries to the Receipt Points and its receipts at the Delivery Points such that at the end of each month its imbalance, including any Positive or Negative Imbalances from previous months, is within:

(i) five percent (5%) of the volumes delivered for KOK, less fuel, during each month of the Winter Period, and

(ii) ten percent (10%) of the volumes delivered for KOK, less fuel, during each month of the Summer Period.

D. In circumstances where KOK's cumulative monthly imbalance is greater than the Winter or Summer Period tolerance as compared to its current month delivery volumes, KOK will have until the last day of the next month following notice by TRANSOK to reduce the imbalance to within five percent (5%) of KOK's then current month delivery volumes or to within 5,000 MMBtu, whichever is larger. If KOK does not eliminate the imbalance within this make-up period, a one-time charge for each imbalance incident will be assessed as follows (in addition to retaining the obligation to eliminate the imbalance by taking or receiving the imbalance volumes):

(i) For negative imbalances:

a. For imbalances in the months of November through February, KOK shall pay One Dollar (\$1.00) per MMBtu negative imbalance fee for the cumulative imbalance.

b. For imbalances in the months of March through October, KOK shall pay Twenty-five Cents (\$.25) per MMBtu negative imbalance fee for the cumulative imbalance.

c. The above imbalance fees may be paid, upon mutual agreement of the parties of such terms, by delivery of gas in kind to TRANSOK based on a value being equal to the price per MMBtu, with reference to Natural Gas Week for spot market

(i) five percent (5%) of the volumes delivered for KOK, less fuel, during each month of the Winter Period, and

(ii) ten percent (10%) of the volumes delivered for KOK, less fuel, during each month of the Summer Period.

D. In circumstances where KOK's cumulative monthly imbalance is greater than the Winter or Summer Period tolerance as compared to its current month delivery volumes, KOK will have until the last day of the next month following notice by TRANSOK to reduce the imbalance to within five percent (5%) of KOK's then current month delivery volumes or to within 5,000 MMBtu, whichever is larger. If KOK does not eliminate the imbalance within this make-up period, a one-time charge for each imbalance incident will be assessed as follows (in addition to retaining the obligation to eliminate the imbalance by taking or receiving the imbalance volumes):

(i) For negative imbalances:

a. For imbalances in the months of November through February, KOK shall pay One Dollar (\$1.00) per MMBtu negative imbalance fee for the cumulative imbalance.

b. For imbalances in the months of March through October, KOK shall pay Twenty-five Cents (\$.25) per MMBtu negative imbalance fee for the cumulative imbalance.

c. The above imbalance fees may be paid, upon mutual agreement of the parties of such terms, by delivery of gas in kind to TRANSOK based on a value being equal to the price per MMBtu, with reference to Natural Gas Week for spot market

sales of gas under the row "Midcontinent," and in the column "Delivered to Pipeline" for the month the gas is delivered to TRANSOK.

(ii) For positive imbalances:

- a. For imbalances in the months of September through November, KOK shall pay Fifty Cents (\$.50) per MMBtu positive imbalance fee for the cumulative imbalance.
- b. For imbalances in the months of December through August, KOK shall pay Twenty-five Cents (\$.25) per MMBTU positive imbalance fee for the cumulative imbalance.
- c. The above imbalance fees may be paid, upon mutual agreement of the parties of such terms, by delivery of gas in kind to TRANSOK based on a value being equal to the price per MMBtu, with reference to Natural Gas Week for spot market sales of gas under the row "Midcontinent," and in the column "Delivered to Pipeline" for the month the gas is delivered to TRANSOK.
- d. If KOK does not eliminate its imbalance within one year from when TRANSOK issues KOK its initial notice, title to any cumulative imbalance remaining on the books shall automatically pass to TRANSOK and no further charge shall be due and owing from KOK.

(iii) Any imbalance gas to which TRANSOK does not take title will be moved in the pipeline capacity at the charge applicable under Subsection 4.1 b. of the Agreement at the time it is delivered by KOK.

- a. TRANSOK will not assess an imbalance fee in the event KOK's failure to take corrective action is caused by TRANSOK's actions or force majeure conditions as defined in Article IX of the Lease Agreement.

- E. ~~During the months of June, July and August, volumes of gas received at Receipt Points will first be allocated to KOK's nomination for Seasonal Exchange and any difference between the remaining volumes of gas received and delivered shall be identified as a pipeline capacity imbalance. Likewise, during the months of November, December and January, volumes of gas delivered at the Delivery Points will first be allocated to KOK's nomination for Seasonal Exchange and any difference between the remaining volumes of gas received and delivered shall be identified as a pipeline capacity imbalance.~~ See A-Ba

ARTICLE 4
GAS RETENTION

- A. KOK shall deliver to TRANSOK [in addition to the volumes being redelivered to KOK at the Delivery Point(s) under the Agreement] volumes of gas for fuel use, loss and unaccounted for gas (fuel charge) equal to one and one-quarter percent ($1\frac{1}{4}\%$) of the total MMBtu's of gas being delivered to the pipeline capacity Delivery Point(s) as a fuel charge for volumes received at Categories C, D and E of Exhibit "E," $1\frac{1}{2}\%$ of the total MMBtu's of gas being delivered to the pipeline capacity Delivery Points as a fuel charge for volumes received at Categories A and B of Exhibit "E," and one and one-half percent ($1\frac{1}{2}\%$) of the total MMBtu's of gas incurred as a Seasonal Exchange. From October 1, 2002, until the termination of this Agreement, the fuel charge for TRANSOK's transmission line shall be amended to equal the

[REDACTED] "During the months of June, July and August, KOK shall nominate specific Receipt Points for the Seasonal Exchange. If actual deliveries from the designated Receipt Points are greater than the nomination to the Seasonal Exchange, the excess shall be delivered to the Delivery Points nominated by KOK to receive the excess Seasonal Exchange nominations volumes. If actual deliveries from the designated Receipt Points are less than the nomination to the Seasonal Exchange, then the gas nominated to the Secondary Delivery Points shall be utilized to fulfill the Seasonal Exchange nomination and, if necessary, gas nominated to the Primary Delivery Point also."

actual fuel consumed on such portion of the pipeline, but the gathering pipeline fuel charge and Seasonal Exchange fuel charge shall remain the same as in the previous sentence. Such fuel charges are in substitution of, and not in addition to, the fuel charges set forth in any Gas Sales Agreements between the parties or their affiliates covering gas moved in the pipeline capacity. The pipeline capacity shall not be reduced by such fuel charges; i.e., TRANSOK shall deliver the pipeline capacity (in MMBtu's) to the Delivery Points and KOK shall deliver the pipeline capacity (in MMBtu's) plus the fuel charge to the Receipt Points. If TRANSOK adds additional compression to its system in the future the fuel charge shall be increased upon mutual agreement of the parties if the compression aids deliveries to KOK.

ARTICLE 5
COMPENSATION AND PAYMENT

- A. As compensation for TRANSOK's operating services as contained in this Exhibit "A," KOK agrees to pay TRANSOK Thirty Thousand Dollars (\$30,000) each month. This amount is included in the monthly pipeline capacity payment stated in Section 4.1 of the Agreement and shall be paid in accordance with the provisions of the Agreement.
- B. On or before the twentieth (20th) day of each month, TRANSOK shall render or cause to be rendered to KOK a statement setting forth the total quantity of gas received at all Receipt Points under the Agreement during the previous Accounting Month.

5. The following language shall be added as Article 4, B of the Exhibit A: "For gas volumes delivered to the Seasonal Exchange, a pipeline capacity fuel charge shall apply to such gas volumes during the month of delivery and no Seasonal Exchange fuel charge shall apply at such time. The Seasonal Exchange fuel charge shall apply when gas volumes are delivered from the Seasonal Exchange, but no pipeline capacity fuel charge shall apply at such time."
