

ORIGINAL

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January 13, 2009

**By Hand Delivery**

Ms. Larine Moore  
U.S. Department of Energy – Office of Fossil Energy  
Forrestal Building, Room 3E-042, FE-34  
1000 Independence Avenue, S.W.  
Washington, DC 20585

Dear Ms. Moore:

Enclosed please find an original and three copies of an “Application for Long-Term Authorization to Import Natural Gas from Canada” of Cascade Natural Gas Corporation, filed pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. § 717(b) and Part 590 of the U.S. Department of Energy’s regulations, 10 C.F.R. Part 590 (2009). Also enclosed is a check, made payable to the Treasurer of the United States, in the amount of \$50.00 to cover the filing fee required by 10 C.F.R. § 590.207 (2009).

Also enclosed are three additional copies of this filing to be date-stamped and returned. If you have any questions concerning this filing, please do hesitate to contact me at (202) 298-1896.

Respectfully submitted,

*Susan A. Olenchuk*

Susan A. Olenchuk  
Counsel for Cascade Natural Gas Corporation

Enclosures

 ORIGINAL

UNITED STATES OF AMERICA  
THE DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY



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CASCADE NATURAL GAS CORPORATION )  
\_\_\_\_\_ )

FE Docket No. 10-06-NG

**APPLICATION FOR LONG-TERM AUTHORIZATION TO IMPORT  
NATURAL GAS FROM CANADA**

Pursuant to section 3 of the Natural Gas Act (“NGA”), 15 U.S.C. § 717b (2006), and Part 590 of the Regulations of the Department of Energy (“DOE”),<sup>1</sup> Cascade Natural Gas Corporation (“Cascade”) submits this application for long-term authorization to import natural gas from Canada for a five-year term.

**I. APPLICANT**

The exact legal name of the Applicant is Cascade Natural Gas Corporation. Cascade is a Washington corporation and is duly authorized to do business in Washington and Oregon. Its principal place of business is 222 Fairview Avenue North, Seattle, Washington, 98109. Cascade is a public utility engaged in the distribution and sale of natural gas to approximately 250,000 customers in 96 cities and towns located in Washington and Oregon. Cascade is a wholly owned subsidiary of MDU Resources Group, Inc., a Delaware corporation, with its principal place of business in Bismarck, North Dakota. Cascade also has short-term blanket authorization to import up to 200 Bcf of natural gas from Canada.<sup>2</sup> This authorization is effective for a two-year term

<sup>1</sup> 10 C.F.R. Part 590 (2009).

<sup>2</sup> *Cascade Natural Gas Corp.*, Order No. 2638, 2 FE ¶ 71,761 (2009).

beginning July 1, 2009. The short-term blanket authorization is not affected by this request for long-term import authorization.

## **II. CORRESPONDENCE**

All correspondence and communications regarding this application should be directed to the following:

Mark Sellers-Vaughn  
Manager, Gas Supply Planning & Systems  
Cascade Natural Gas Corporation  
222 Fairview Ave. North  
Seattle, WA 98109-5312  
Phone: (206) 381-6849  
Fax: (206) 654-4039

Susan A. Olenchuk  
Van Ness Feldman, P.C.  
1050 Thomas Jefferson Street, N.W.  
Washington, D.C. 20007-3877  
Phone: (202) 298-1896  
Fax: (202) 338-2416

## **III. REQUESTED IMPORT AUTHORIZATION**

Cascade requests that the Office of Fossil Energy grant a long-term authorization to import natural gas from Canada for a five-year period. Cascade has entered into a five-year contract to purchase natural gas from IGI Resources, Inc. ("IGI") for the purpose of providing natural gas service to Cascade's customers, located in Washington and Oregon. As required by 10 C.F.R. § 591.202(b) and to demonstrate that the requested import authorization is not inconsistent with the public interest, Cascade states as follows:

### **A. Description of the Transaction**

Cascade has entered into a "Base Contract for Sale and Purchase of Natural Gas" ("Base Contract") with IGI that sets forth the general terms and conditions governing Cascade's purchase of natural gas from IGI. IGI is a wholly owned subsidiary of BP Energy Company. The Base Contract was executed on the standard form developed by

the North American Energy Standards Board (“NAESB”). As provided in the Base Contract, on October 14, 2009, IGI and Cascade executed a separate Transaction Confirmation setting forth the volume, rate, and terms applicable to Cascade’s purchase of natural gas. Both documents are attached as Exhibit B to this Application.

Under the terms of the Transaction Confirmation, Cascade will purchase 2,500 MMBtu per day of natural gas on a firm basis from IGI for a five-year term beginning November 1, 2009 and ending October 31, 2014. The Transaction Confirmation requires that Cascade either take or pay for this amount of gas on a daily basis. Cascade will receive the gas at a point on the U.S./Canada border near Kingsgate, British Columbia,<sup>3</sup> and will deliver the gas in the United States to its distribution system on the interstate pipeline systems of Gas Transmission Northwest Corporation and Northwest Pipeline GP.

Under the Transaction Confirmation, the Contract Price for Cascade’s gas purchases is determined based on the NGX AB-NIT Month Ahead Index (7A),<sup>4</sup> plus \$0.01 per MMBtu, plus the tariff transportation charges of the upstream Canadian pipeline systems. The Contract Price is a market-based, index price that will remain competitive for the term of the import authorization.

B. Need for the Natural Gas

Cascade is a local distribution company in Washington and Oregon and will use the gas imported under the requested authorization to serve its approximately 250,000

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<sup>3</sup> The corresponding U.S. interconnection point is Eastport, Idaho.

<sup>4</sup> As explained in the Transaction Confirmation, the FOM NGX AB-NIT Index “means the monthly index price for AECO “C” deliveries as reported by the Canadian Gas Price Reporter, first of the month publication, under the table Canadian Domestic Gas Prices row NGX AB-NIT Month Ahead Average Index (7A) US\$/MMBtu.”

customers. Therefore, Cascade has an established need for the gas to be imported under the requested authorization. The imported gas supplies also will enhance the diversity of Cascade's supply portfolio. Moreover, the Secretary of Energy's "New Policy Guidelines Relating to the Regulation of Imported Natural Gas" provides that imported arrangements found to be competitive are subject to a rebuttable presumption that the gas is needed.<sup>5</sup>

C. Environmental Impact

The imported gas will be transported to Cascade's distribution system on existing natural gas pipeline systems. Because the requested authorization does not require the construction of new pipeline facilities, it will have no adverse environmental impact.

D. Public Interest

Under Section 3 of the NGA,<sup>6</sup> importation of natural gas is to be authorized unless there is a finding that it "will not be consistent with the public interest." Section 3 states further that the importation of natural gas from a country "with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and applications for such importation . . . shall be granted without modification or delay."<sup>7</sup>

Cascade's request for long-term authorization to import natural gas from Canada will ensure that consumers in the Pacific Northwest have access to competitively-priced and secure Canadian natural gas supplies. Accordingly, Cascade requests that the Office of Fossil Energy find the requested authorization is consistent with the public interest.

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<sup>5</sup> Delegation Order 0204-111, 49 Fed. Reg. 6684, 6687 (Feb. 22, 1984).

<sup>6</sup> 15 U.S.C. § 717b(a) (2006).

<sup>7</sup> 15 U.S.C. § 717b(c) (2006).


#### IV. CONCLUSION

**WHEREFORE**, Cascade respectfully requests that the Office of Fossil Energy find that the requested long-term authorization to import 2,500 MMBtu per day of natural gas from Canada is consistent with the public interest and grant the requested long-term import authorization. Cascade requests that the long-term import authorization be effective on the date an Order is issued by the Office of Fossil Energy.

Respectfully submitted,

Cascade Natural Gas Corporation

By:



Susan A. Olenchuk

Van Ness Feldman, P.C.

1050 Thomas Jefferson Street, N.W.

Washington, D.C. 20007-3877

(202) 298-1896

Attorney for Cascade Natural Gas  
Corporation

Dated: January 13, 2010

## LIST OF EXHIBITS

Exhibit A	Opinion of Counsel
Exhibit B	The “Base Contract for Sale and Purchase of Natural Gas” and the “Transaction Confirmation” between Cascade and IGI.
Exhibit C	Verification

EXHIBIT A

OPINION OF COUNSEL

This opinion is being rendered in connection with Cascade Natural Gas Corporation's "Application for Long-Term Authorization to Import Natural Gas from Canada." Cascade is a wholly owned subsidiary of MDU Resources Group, Inc. and I am the Associate General Counsel for MDU Resources Group, Inc. As such, I am familiar with Cascade's Certificate of Incorporation and By-Laws. Based on the foregoing, I am providing this opinion pursuant to Section 590.202(c) of the Department of Energy's regulations, 10 C.F.R. § 590.202(c). I am of the opinion that the proposed importation of natural gas described in the Application is within Cascade's corporate powers.

A handwritten signature in black ink, appearing to read "D. Kuntz", is written over the printed name and title of the signatory.

Daniel S. Kuntz  
Associate General Counsel  
MDU Resources Group, Inc.  
P.O. Box 5650  
1200 West Century Avenue  
Bismarck, ND 58506-5650

EXHIBIT B

BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS  
AND  
TRANSACTION CONFIRMATION

# Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: November 1, 2004. The parties to this Base Contract are the following:

## IGI RESOURCES, INC.

See Notice Page

Duns Number: 19-429-0953

Contract Number:

U.S. Federal Tax ID Number: 82-0401137

and

## CASCADE NATURAL GAS CORPORATION

222 Fairview Avenue N., Seattle, WA 98109

Duns Number: 00-794-2584

Contract Number:

U.S. Federal Tax ID Number: 91-0599090

### Notices:

See Notice Page

Attn: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

### Confirmations:

See Notice Page

Attn: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

### Invoices and Payments:

See Notice Page

Attn: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

### Wire Transfer or ACH Numbers (if applicable):

BANK: Chase Manhattan Bank

ABA: 021000021

ACCT: 323363075

Other Details: See Notice Page

### Notices:

222 Fairview Avenue North, Seattle, WA 98109

Attn: \_\_\_\_\_

Phone: (206) 624-3900

Fax: (206) 654-4039

### Confirmations:

222 Fairview Avenue North, Seattle, WA 98109

Attn: \_\_\_\_\_

Phone: (206) 624-3900

Fax: (206) 654-4039

### Invoices and Payments:

222 Fairview Avenue North, Seattle, WA 98109

Attn: \_\_\_\_\_

Phone: (206) 624-3900

Fax: (206) 654-4039

BANK: \_\_\_\_\_

ABA: \_\_\_\_\_

ACCT: \_\_\_\_\_

Other Details: \_\_\_\_\_

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section:

<b>Section 1.2</b> Transaction Procedure <input checked="" type="checkbox"/> Oral (default) <input type="checkbox"/> Written	<b>Section 7.2</b> Payment Date <input checked="" type="checkbox"/> 25 <sup>th</sup> Day of Month following Month of delivery (default) If paying by cheque, payment must be received by Seller no later than the Payment Date.
<b>Section 2.5</b> Confirm Deadline <input checked="" type="checkbox"/> 2 Business Days after receipt (default) <input type="checkbox"/> 5 Business Days after receipt	<b>Section 7.2</b> Method of Payment <input checked="" type="checkbox"/> Wire transfer (default) <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check
<b>Section 2.6</b> Confirming Party <input type="checkbox"/> Seller (default) <input type="checkbox"/> Buyer <input checked="" type="checkbox"/> Either Party	<b>Section 7.7</b> Netting <input checked="" type="checkbox"/> Netting applies (default) <input type="checkbox"/> Netting does not apply
<b>Section 3.2</b> Performance Obligation <input checked="" type="checkbox"/> Cover Standard (default) <input type="checkbox"/> Spot Price Standard  <b>Note: The following Spot Price Publication applies to both of the immediately preceding.</b> <b>Section 2.26</b> Spot Price Publication <input checked="" type="checkbox"/> Gas Daily Midpoint (default) <input type="checkbox"/> _____	<b>Section 10.3.1</b> Early Termination Damages <input checked="" type="checkbox"/> Early Termination Damages Apply (default) <input type="checkbox"/> Early Termination Damages Do Not Apply  <b>Section 10.3.2</b> Other Agreement Setoffs <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input type="checkbox"/> Other Agreement Setoffs Do Not Apply  <b>Section 14.5</b> Choice Of Law <u>Washington</u>
<b>Section 6</b> Taxes <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point	<b>Section 14.10</b> Confidentiality <input checked="" type="checkbox"/> Confidentiality applies (default) <input type="checkbox"/> Confidentiality does not apply
<input checked="" type="checkbox"/> <b>Special Provisions</b> Number of sheets attached: 3 <input type="checkbox"/> <b>Addendum(s):</b> _____	

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate:

IGI RESOURCES, INC.

By \_\_\_\_\_

Name: Randy Schultz

Title: President

Date: November 15, 2004

CASCADE NATURAL GAS CORPORATION

By \_\_\_\_\_

Name: Jon T. Stoltz

Title: Sr. VP Regulatory & Gas Supply

Date: November 17, 2004

# General Terms and Conditions

## Base Contract for Sale and Purchase of Natural Gas

### SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or Interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.7.

The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.

#### Oral Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

#### Written Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of nonconflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract. However, nothing herein shall be construed as a waiver of any objection to the admissibility of such evidence.

### SECTION 2. DEFINITIONS

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

2.1. "Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

2.2. "Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.

2.3. "British thermal unit" or "Btu" shall mean the International BTU, which is also called the Btu (IT).

- 2.4. "Business Day" shall mean any day except Saturday, Sunday or Federal Reserve Bank holidays.
- 2.5. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.
- 2.6. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.
- 2.7. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation.
- 2.8. "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.
- 2.9. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.
- 2.10. "Cover Standard", as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.
- 2.11. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, a performance bond, guaranty, or other good and sufficient security of a continuing nature.
- 2.12. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.
- 2.13. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.
- 2.14. "Delivery Point(s)" shall mean such point(s) as are agreed to by the parties in a transaction.
- 2.15. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.
- 2.16. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm", provided that a party's excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.
- 2.17. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.
- 2.18. "Gas" shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.
- 2.19. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.
- 2.20. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.
- 2.21. "MMBtu" shall mean one million British thermal units, which is equivalent to one dekatherm.
- 2.22. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.
- 2.23. "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.
- 2.24. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.
- 2.25. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.
- 2.26. "Spot Price" as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average

of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

2.27. "Transaction Confirmation" shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.

2.28. "Termination Option" shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.

2.29. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

## SECTION 3. PERFORMANCE OBLIGATION

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

**The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.**

### **Cover Standard:**

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s); or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s); or (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available, then the sole and exclusive remedy of the performing party shall be any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller and received by Buyer for such Day(s). Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

### **Spot Price Standard:**

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

3.3. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.4. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

## SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

## SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

## SECTION 6. TAXES

**The parties have selected either "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.**

### **Buyer Pays At and After Delivery Point:**

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

### **Seller Pays Before and At Delivery Point:**

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

## SECTION 7. BILLING, PAYMENT, AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

## SECTION 8. TITLE, WARRANTY, AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 14.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

## SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payments and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

## SECTION 10. FINANCIAL RESPONSIBILITY

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount and for the term reasonably acceptable to X, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or a performance bond or guaranty (including the issuer of any such security).

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; or (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law or that are, in the reasonable opinion of the Non-Defaulting Party, commercially impracticable to liquidate and terminate ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is reasonably practicable, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

**The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.**

**Early Termination Damages Apply:**

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

**Early Termination Damages Do Not Apply:**

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

**The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.**

**Other Agreement Setoffs Apply:**

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff (i) any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract; or (ii) any Net Settlement Amount payable to the Defaulting Party against any amount(s) payable by the Defaulting Party to the Non-Defaulting Party under any other agreement or arrangement between the parties.

**Other Agreement Setoffs Do Not Apply:**

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount shall accrue from the date due until the

date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

10.5. The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

10.7. With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

## SECTION 11. FORCE MAJEURE

11.1. Except with regard to a party's obligation to make payment(s) due under Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2.

11.2. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Agreement; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or (v) the loss or failure of Seller's gas supply or depletion of reserves, except, in either case, as provided in Section 11.2. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

11.6. Notwithstanding Sections 11.2 and 11.3, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

## SECTION 12. TERM

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6 and Section 10, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

## SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

## SECTION 14. MISCELLANEOUS

14.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

14.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

14.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

14.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

14.5. The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

14.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

14.7. There is no third party beneficiary to this Contract.

14.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

14.9. The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

14.10. Unless the parties have elected on the Base Contract not to make this Section 14.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, or (iv) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

14.11 The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties.

**DISCLAIMER:** The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. **NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.**

TRANSACTION CONFIRMATION  
FOR IMMEDIATE DELIVERY

EXHIBIT A



Date: \_\_\_\_\_  
Transaction Confirmation #: \_\_\_\_\_

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated \_\_\_\_\_. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.

**SELLER:**

\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Base Contract No. \_\_\_\_\_  
Transporter: \_\_\_\_\_  
Transporter Contract Number: \_\_\_\_\_

**BUYER:**

\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Base Contract No. \_\_\_\_\_  
Transporter: \_\_\_\_\_  
Transporter Contract Number: \_\_\_\_\_

Contract Price: \$ \_\_\_\_/MMBtu or \_\_\_\_\_

Delivery Period: Begin: \_\_\_\_\_, \_\_\_\_\_ End: \_\_\_\_\_, \_\_\_\_\_

**Performance Obligation and Contract Quantity: (Select One)**

**Firm (Fixed Quantity):**

\_\_\_\_\_ MMBtus/day  
☐ EFP

**Firm (Variable Quantity):**

\_\_\_\_\_ MMBtus/day Minimum  
\_\_\_\_\_ MMBtus/day Maximum  
subject to Section 4.2. at election of  
☐ Buyer or ☐ Seller

**Interruptible:**

Up to \_\_\_\_\_ MMBtus/day

**Delivery Point(s):** \_\_\_\_\_

(If a pooling point is used, list a specific geographic and pipeline location):

**Special Conditions:**

Seller: \_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Buyer: \_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**SPECIAL PROVISIONS ATTACHED TO AND FORMING PART OF  
THE BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS**

**Dated  
by and between**

**IGI Resources, Inc. ("IGI")  
And  
Cascade Natural Gas Corporation**

**Section 1. Purpose & Procedures**

Delete Section 1.3 and replace with the following:

"If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, or if the receiving party has timely objected to the terms of the sending party's Transaction Confirmation, such transaction remains valid and the parties remain legally bound thereby, however, both parties shall in good faith attempt to resolve such differences. Once such material differences are resolved, the Confirming Party shall transmit a written Transaction Confirmation to the other party, and such Transaction Confirmation shall be accepted (or disputed) pursuant to the provisions of this Section 1.3. The provisions of this Section 1.3 may be repeated as many times as necessary to produce a written Transaction Confirmation that is accepted or deemed accepted by the receiving party. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties (which may be evidenced by a recording of such transaction, oral testimony, data in a computer system, trade tickets, and/or notes), where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the items shall govern in the priority listed in this sentence."

**Section 3. Performance Obligation**

Add the following as Section 3.5:

"Notwithstanding anything to the contrary in this Contract (including, without limitation, anything in Section 11 of this Contract), in the event (i) a transaction has a Firm performance obligation, and (ii) Seller is unable to sell and deliver the Contract Quantity for such transaction as a result of an event of Force Majeure or Buyer is unable to purchase and receive the Contract Quantity for such transaction as a result of an event of Force Majeure, and (iii) the Delivery Period for such transaction is at least one calendar month, and (iv) the Contract Price is a Fixed Price (as defined below), then (a) if the FOM Price (as defined below) is above the Fixed Price, Seller shall pay Buyer for each MMBtu of gas not delivered and/or received the difference between the FOM Price and the Fixed Price, or (b) if the FOM Price is below the Fixed Price, Buyer shall pay Seller for each MMBtu of gas not delivered and/or received the difference between the Fixed Price and the FOM Price. "Fixed Price" means, a Contract Price for a transaction that is expressed as a flat dollar amount (Fixed Price includes prices that were converted from an index-based price to a flat dollar amount upon the mutual agreement of the parties or as a result of a party exercising a price option that resulted in a maximum price or a minimum price). "FOM Price" means the price per MMBtu, stated in the same currency as the transaction subject to such Force Majeure event, for the first of the month delivery, as published in the first issue of a publication commonly-accepted by the natural gas industry (selected by the Seller in a commercially reasonable manner) for the calendar month of such Force Majeure event for the geographic location closest in proximity to the Delivery Point(s) for the relevant Day adjusted for the basis differential between the Delivery Point(s) and such published geographic location determined by the Seller in a commercially reasonable manner."

**Section 7. Billing, Payment and Audit**

In the first sentence of Section 7.2 delete the words "the later of".

In Section 7.7 add the following after the words "subject to netting under this Section" at the end of the first sentence: "provided further, however, that the party due payment under Section 7.3 may net all sums due thereunder against any amounts payable by it when making payments under Section 7."

**Section 10. Financial Responsibility**

Add the following as the third paragraph of Section 10.3.1. "Early Termination Damages Apply":

"The Non-Defaulting Party shall also aggregate the costs that the Non-Defaulting Party incurs in liquidating and accelerating each Terminated Transaction, or otherwise settling obligations arising from the cancellation and termination of each Terminated Transaction, including brokerage fees, commissions, and other similar transaction costs and expenses reasonably incurred by the Non-Defaulting Party including costs associated with hedging its obligations, transaction costs associated with obtaining replacement suppliers or markets (e.g. brokerage fees, or other such payments), additional transmission costs, ancillary services costs and like costs incurred in moving the replacement Gas to or from the Delivery Point, and reasonable attorneys' fees and other reasonable litigation costs incurred in connection with enforcing its rights under this Agreement (collectively "Costs") and such Costs shall be due to the Non-Defaulting Party."

Delete the words "and without prior Notice to the Defaulting Party" in the second sentence of Section 10.3.2 "Other Agreements Setoffs Apply".

"Delete everything after the "(ii)" in the second sentence of Section 10.3.2. "Other Agreements Setoffs Apply" and replace with the following: "(ii) any Net Settlement Amount payable to the Defaulting Party against any amount(s) payable in Dollars or any other currency by the Defaulting Party to the Non-Defaulting Party and/or its Affiliates under any other agreement or arrangement between the Defaulting Party and the Non-Defaulting Party and/or its Affiliates. The obligations of the Non-Defaulting Party, the Non-Defaulting Party's Affiliates, and the Defaulting Party under this Contract or otherwise in respect of such amounts shall be deemed satisfied and discharged to the extent of any such set-off. For this purpose, the amounts subject to the set-off may be converted at the applicable prevailing exchange rate into U.S. Dollars by the Non-Defaulting Party. The Non-Defaulting Party will give the Defaulting Party Notice of any set-off effected under this section provided that failure to give such notice shall not affect the validity of the set-off. Nothing in this paragraph shall be deemed to create a charge or other security interest. The rights provided by this Section are in addition to and not in limitation of any other right or remedy (including any right to set-off, counterclaim, or otherwise withhold payment) to which a party may be entitled (whether by operation of law, contract or otherwise). "Affiliate" means, in relation to any party, any entity controlled, directly or indirectly, by such party, any entity that controls, directly or indirectly, such party or any entity directly or indirectly under common control with such party. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person. "Set-off" as used herein means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the Non-Defaulting Party is entitled or subject to (whether arising under this Contract, another contract, applicable law or otherwise) that is exercised by, or imposed on, the Non-Defaulting Party."

Delete Section 10.5 in its entirety and replace with the following:

"The parties specifically agree that this Contract and all transactions pursuant hereto are "forward contracts" as such term is defined in the United States Bankruptcy Code and that each party is a "forward contract merchant" as such term is defined in the United States Bankruptcy Code. Each party further agrees that IGI Resources, Inc. is not a "utility" as such term is used in 11 U.S.C. Section 366, and each party agrees to waive and not to assert the applicability of the provisions of 11 U.S.C. Section 366 in any bankruptcy proceeding involving such party. "

## **Section 11. Force Majeure**

Add as new Section 11.7:

"Without restricting the generality of Section 14.3, if an event of Force Majeure occurs, the party affected may, in its sole discretion and without notice to the other party, determine not to make a claim of Force Majeure and to waive its rights hereunder as they would apply to such event. Such determination or waiver shall not preclude the affected party from claiming Force Majeure in respect of any subsequent event, including any event that is substantially similar to the event in respect of which such determination or waiver is made."

## **Section 14. Miscellaneous**

Delete Section 14.3 in its entirety and replace with the following:

"No waiver of any breach of this Contract, or delay, failure or refusal to exercise or enforce any rights under this Contract, shall be held to be a waiver of any other or subsequent breach, or be construed as a waiver of any such right then existing or arising in the future."

Add the following as Section 14.12:

"This Contract shall be considered for all purposes as prepared through the joint efforts of the parties and shall not be construed against one party or the other as a result of the manner in which this Contract was negotiated, prepared, drafted or executed."

Add the following as Section 14.13:

"If any index used to determine the price under a transaction ceases to be available, the parties agree to promptly negotiate on a good faith basis a mutually satisfactory alternate price or reference publication to take effect as of the date the prior index is unavailable. If the parties cannot agree on an alternative price or reference publication within thirty (30) days of the index ceasing to be available, then the parties shall refer the matter to binding arbitration. Arbitration shall then be binding non-appealable arbitration conducted by Judicial Arbitration & Mediation Services, Inc. ("JAMS"), Seattle, Washington, for a reasoned award with provision for filing the award under RCW 7.04.150 in King County Superior Court. Any arbitration hearing shall be held at Seattle, Washington, unless the parties agree otherwise. Any award rendered by arbitration shall be final and binding on the parties and judgment thereon may be entered in King County Superior Court or any other court of competent jurisdiction. Notwithstanding any arbitration rules to the contrary, the award of the arbitrator must be made no later than six (6) months following the date on which the arbitrator is appointed. The arbitrator shall have authority and discretion to award costs and reasonable attorney's fees to the prevailing party."

Add the following as Section 14.14:

"Each party will be deemed to represent to the other party each time a transaction is entered into that: (a) it is acting for its own account, and it has made its own independent decisions to enter that transaction and as to whether that transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary; (b) it is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that transaction; it being understood that information and explanations related to the terms and conditions of a transaction shall not be considered investment advice or a recommendation to enter into that transaction; (c) no communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that transaction; (d) it is capable of assessing the merits and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that transaction; (e) it is capable of assuming, and assumes, the risks of that transaction; and (f) the other party is not acting as a fiduciary for, or an advisor to, it in respect of that transaction."

## **NAESB GAS SALES AND PURCHASE CONTRACT-Notice Page**

All billings, payments, statements, notices, and communications made pursuant to the Contract shall be made as follows:

### **IGI RESOURCES, INC.**

#### **NOTICES**

##### **Mailing Address:**

IGI Resources, Inc.  
P.O. Box 6488  
Boise, ID 83707-6488  
Attn: Natural Gas Marketing – Contract Administration  
Phone: 208-395-0500  
Fax: 208-395-0577

##### **Street Address:**

IGI Resources, Inc.  
701 Morrison-Knudsen Dr. #300  
Boise, ID 83712  
Attn: Natural Gas Marketing – Contract Administration  
Phone: 208-395-0500  
Fax: 208-395-0577

#### **PAYMENTS**

##### **For Electronic Funds Transfer (Wire or ACH):**



Chase Manhattan Bank, New York, NY  
For the Account of IGI Resources, Inc.  
ABA # 021000021  
Account # 323363075

#### **BILLING AND ACCOUNTING MATTERS**

IGI Resources, Inc.  
P.O. Box 6488  
Boise, ID 83707-6488  
Attn: Contracts, Accounting and Administration  
Phone: 208-395-0500  
Fax: 208-395-0536

#### **NOMINATIONS AND/OR CONFIRMATIONS**

IGI Resources, Inc.  
P. O. Box 6488  
Boise, ID 83707-6488  
Attn: Scheduling  
Phone: 888-410-4447  
Fax: 208-395-0531

 	<b>Exhibit A</b>	Date: October 14, 2009 Transaction Confirmation #: 1 BP Nuc # 4506688						
This Transaction Confirmation is subject to the Base Contract between IGI RESOURCES, INC. ("IGI") and CASCADE NATURAL GAS CORPORATION ("Counterparty") dated November 1, 2004.								
<b>SELLER:</b> IGI RESOURCES, INC.  <u>PO Box 6488, Boise, ID 83707-6488</u> Attn: <u>Ralph Epling</u> Phone: <u>425-576-1266</u> Fax: <u>208-395-0530</u> Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	<b>BUYER:</b> CASCADE NATURAL GAS CORPORATION  <u>222 Fairview Ave. North, Seattle, WA 98109-5312</u> Attn: <u>Chau La</u> Phone: <u>206-381-6879</u> Fax: <u>206-654-4039</u> Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____							
<b>Contract Price and Contract Quantity:</b> Per MMBtu of Gas delivered:								
<table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="padding: 5px;">Contract Quantity</th> <th style="padding: 5px;">Delivery Period</th> <th style="padding: 5px;">Contract price</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;"><b>Baseload - 2,500 MMBtu per day</b></td> <td style="padding: 5px;"><b>11/01/09 - 10/31/14</b></td> <td style="padding: 5px;"><b>FOM NGX AB-NIT Index</b></td> </tr> </tbody> </table>			Contract Quantity	Delivery Period	Contract price	<b>Baseload - 2,500 MMBtu per day</b>	<b>11/01/09 - 10/31/14</b>	<b>FOM NGX AB-NIT Index</b>
Contract Quantity	Delivery Period	Contract price						
<b>Baseload - 2,500 MMBtu per day</b>	<b>11/01/09 - 10/31/14</b>	<b>FOM NGX AB-NIT Index</b>						
<p>The "FOM NGX AB-NIT Index" means the monthly index price for AECO "C" deliveries as reported by the Canadian Gas Price Reporter, first of month publication, under the table Canadian Domestic Gas Prices row NGX AB-NIT Month Ahead Average Index (7A) US\$/MMBtu, for the applicable delivery Month plus \$0.01 per MMBtu plus 100% of the tariff transportation charges on the TCPL pipeline systems of Nova and Foothills for firm delivery from AECO "C" to Kingsgate, BC.</p> <p>The Baseload Amount is Firm.</p> <p>The foregoing Baseload Amount is a Take Commitment.</p>								
<b>Delivery Period:</b> Begin: November 1, 2009                      End: October 31, 2014								
<b>Delivery Point(s)</b> The Delivery Point shall be Kingsgate, Idaho.								
<b>Special Conditions:</b>								

This agreement is written confirmation of verbal agreement performed on confirmation date. Please sign and return this Transaction Confirmation via facsimile to (208) 395-0530. If you disagree with the above terms, please contact us immediately at (208) 395-0527. A copy of this Transaction Confirmation will not be mailed.

Seller: IGI RESOURCES, INC.

Buyer: CASCADE NATURAL GAS CORPORATION



By: \_\_\_\_\_

By: \_\_\_\_\_

Title: Randy Schultz  
President

Title: \_\_\_\_\_

Date: October 27, 2009

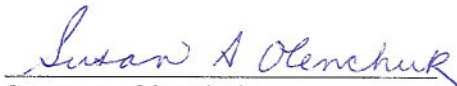
Date: \_\_\_\_\_

EXHIBIT C

VERIFICATION

City of Washington   )  
District of Columbia   )

Susan A. Olenchuk, being duly sworn, deposes and states that she is an attorney for Cascade Natural Gas Corporation and that she has the authority to file the foregoing application pursuant to 10 C.F.R. § 590.103; and that she has examined the statements contained therein and that all such statements are true and correct to best of her knowledge, information and belief.

  
Susan A. Olenchuk

Subscribed and sworn to before me this 13<sup>th</sup> day of January, 2010.

  
Notary Public

**Abbie Seltzer**  
**Notary Public, District of Columbia**  
**My Commission Expires 7/31/2012**

My Commission Expires: \_\_\_\_\_