

[if applicable - RESTATEMENT OF]  
OPERATIONAL BALANCING AGREEMENT

BETWEEN

\_\_\_\_\_  
AND  
KERN RIVER GAS TRANSMISSION COMPANY

CONTRACT NO. \_\_\_\_\_

THIS [if applicable - RESTATED] AGREEMENT ("OBA" or "Agreement") [if applicable, insert: which was originally executed on (insert original OBA agreement execution date),] is made and entered into as of this \_\_\_\_\_ day of [insert month and year - represents execution date], to be effective \_\_\_\_\_ [insert effective date], by and between \_\_\_\_\_ ("Operator") and KERN RIVER GAS TRANSMISSION COMPANY ("Kern River") (hereinafter referred to collectively as the "Parties" or individually as "Party") [if applicable - , and supersedes all previous versions of this Agreement, if any].

WITNESSETH

WHEREAS, the facilities operated or to be operated by Operator and/or Kern River at location(s) specified in the Exhibit 1 are attached hereto and incorporated herein by this reference (hereinafter referred to as "Location," whether one or more);

WHEREAS, Operator and/or Kern River have entered into one or more agreements with Service Requesters (hereinafter referred to as "Service Requester(s)") for the transportation of gas to or from the Location on their respective systems (said agreements hereinafter referred to as "Service Requester Agreements");

WHEREAS, from time to time, the quantities of gas confirmed and scheduled by the Parties to be delivered to, or received from, the Location (said quantities hereinafter referred to as the "Scheduled Quantities") may be greater or lesser than the quantities of gas which are actually delivered at the Location, resulting in over- or under- deliveries relative to Scheduled Quantities;

WHEREAS, the Parties desire to implement an operational balancing agreement in order to facilitate more efficient operations, accounting and systems management at the Location and on the Parties' respective systems; and

WHEREAS, the Parties desire to establish the method for resolving the differences that may occur between the Scheduled Quantities at the Location and the quantities of gas that are actually delivered at the Location.

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

1. Prior to the date and time of flow at each Location, Operator shall designate to Mojave Pipeline Operating Company ("MPOC") either Kern River or Mojave Pipeline Company ("Mojave") as the swing transporter to take the pre-determined pipeline allocation ("PDPA"). Once the

designation has been made, it will remain in effect until changed by Operator. Operator can unilaterally change the swing transporter designation up to and including the gas flow day; however, once the gas flow day has begun, any PDPA change will require the approval of the Kern River and MPOC gas control departments. When the swing transporter does change during the gas flow day, the last approved PDPA swing change request will dictate the swing transporter to be used for the allocation of the imbalances for the entire gas flow day. MPOC will not accept any PDPA swing change requests after the gas flow day has ended.

2. Prior to the date and time of flow at each Location, the Parties shall confirm and schedule nominations that will be delivered or received at each Location. Such confirmation between the Parties shall be made electronically, unless otherwise mutually agreed to by the Parties.
3. The Parties intend that the quantity of gas actually delivered and received each day at each Location will equal the Scheduled Quantities for that Location. Each Party will allocate quantities that have been delivered and received at each Location among the Service Requester Agreements on its system pursuant to the Scheduled Quantities at such Locations. Any imbalance created, when the actual physical flow is different than the Scheduled Quantities, will be the "Operational Imbalance," which will be the responsibility of the Parties to eliminate pursuant to this Agreement.
4. Estimated operating quantities flowing at each Location shall be used on a daily basis to determine the estimated cumulative Operational Imbalance at such Location, with physical flow adjustments to be made as mutually agreed by both Parties to attempt to maintain or achieve an Operational Imbalance of zero at a Location.
5.
  - a. The actual measured quantity of gas at the Location each month shall be determined by Kern River and communicated electronically to the Operator in accordance with NAESB Standard 2.3.7, unless otherwise mutually agreed. The actual measured quantity shall be determined pursuant to the applicable provisions of Kern River's Tariff or applicable measurement procedures. Operational Imbalances shall be calculated initially by Kern River and shall be deemed to be correct unless either Party notifies the other Party in writing prior to the ninth business day of the month following the month to which the Operational Imbalance applies. Pursuant to NAESB Standard 2.3.26, Parties shall be allowed to dispute allocations for a period of six (6) months from the date of the initial month-end allocation with a three (3) month rebuttal period.
  - b. Operational Imbalances shall be resolved as follows: The Parties shall cooperate to minimize the daily over- and under- deliveries by maintaining daily contact, as necessary, to establish the rate at which gas shall be delivered to, or received from, Kern River in order to balance with the total daily Scheduled Quantity, adjusted for any agreed upon quantity of gas to reduce the cumulative Operational Imbalance. The Operational Imbalance shall be resolved within thirty (30) calendar days of the rendering of the Imbalance Statement by Kern River, unless otherwise agreed to by the Parties.

Either Party shall have the right to take actions of whatever nature may be required (including interruption or suspension of service to the Location) to correct any Operational Imbalances that may impair the operation of, threaten the integrity of, or interfere with maintenance of service on, such Party's system.

6. In the event a capacity constraint occurs on either Party's system that results in a curtailment of Scheduled Quantities through a Location, the Party on whose system the constraint has occurred shall determine the quantities that can be confirmed and shall notify the Service Requester(s) under the affected Service Requester Agreement(s). Any such change to Scheduled Quantities shall be confirmed electronically as required by Paragraph 2 above. Likewise, if the constraint occurs at a Location, the Party on whose system the constraint has occurred shall determine the quantities that can be confirmed and shall notify the Service Requester(s) under the affected Service Requester Agreement(s), unless otherwise mutually agreed.
7. Operator shall be subject to any balancing and scheduling charges and penalties applicable to operators, as set forth in Kern River's Tariff, as revised from time to time.
8. This Agreement is entered into in order to facilitate operations and accounting between the Parties, and shall have no effect upon the Service Requester Agreements or upon the effectiveness of any Party's Gas Tariff or General Terms and Conditions.
9. If a Party (X) has reasonable grounds for insecurity of the performance of any obligation under this Agreement by the other Party (Y) (including, without limitation, the occurrence of a material change in creditworthiness), X may demand Adequate Assurance of Performance from Y, which shall be provided within five (5) calendar days of the demand. A "material change in creditworthiness" means that Y has experienced, in the reasonable opinion of X a material adverse change (i.e., a downgrade in credit rating from any rating agency, if applicable; default on indebtedness; restatement of financials; non-payment; catastrophic event; etc.) in its financial condition such that the ability of Y to perform its obligations hereunder is materially impaired. "Adequate Assurance of Performance" shall mean security (a) in the form and for the term reasonably acceptable to X; and (b) in the amount of the highest monthly imbalance value owed by Y to X during the past 12 months (historical) computed at the highest monthly futures price for natural gas during the next 12 months (forward looking); provided, however, if 12 months of imbalance history are unavailable, any security amount reasonably acceptable to X based on X's reasonable estimate of credit exposure. To secure its obligations under this Agreement, each Party hereby grants to the other a continuing security interest in, lien on, and right of setoff against, all Adequate Assurance of Performance it provides the other, and all proceeds thereof. The Parties authorize and shall take such further action as may reasonably be necessary to perfect and maintain said perfected security interests. Upon the occurrence and continuance of an event of default, the non-defaulting Party may (i) exercise all rights and remedies of a secured Party under applicable law with respect to Adequate Assurance of Performance;

(ii) exercise rights of setoff against Adequate Assurance of Performance; (iii) draw on any cash escrow or letter of credit to its full amount, retaining any amount in excess of the defaulting Party's obligations as Adequate Assurance of Performance; and (iv) liquidate all Adequate Assurance of Performance. The non-defaulting Party shall apply the proceeds realized upon exercise of such remedies to the defaulting Party's obligations under this Agreement in such order as it elects, and the defaulting Party shall remain liable for any amounts owing after such application.

10. This Agreement shall be amended only by an instrument in writing executed by both Parties hereto. No promises, agreements or warranties additional to this Agreement other than as may be contained in Kern River's Gas Tariff will be deemed to be a part of this Agreement.
11. Notwithstanding the termination of this Agreement, the Parties agree to reconcile and eliminate any remaining Operational Imbalance pursuant to the terms and conditions of this Agreement within thirty (30) days of termination of this Agreement or such other period of time as is mutually agreed to by the Parties.
12. This Agreement and the terms and conditions herein are subject to all present and future valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.
13. In the event a conflict exists or arises between this Agreement and Kern River's FERC Gas Tariff, as amended from time to time, it is agreed and understood that the latter shall control.
14. This Agreement is for accounting and system management purposes only, and is entered into by the Parties with the understanding that the balancing activities provided for hereunder will not subject any non-jurisdictional entity to regulation by the Federal Energy Regulatory Commission as a "natural gas company" under the provisions of the Natural Gas Act. If, at any time, it should be determined that such balancing activities do result in such regulation, then this Agreement shall immediately terminate, and any remaining Operational Imbalance shall be resolved by the Parties within thirty (30) days after termination of this Agreement or such other period of time as is mutually agreed to by the Parties.
15. This Agreement shall be binding upon and inure to the benefit of Operator and its successors and assigns and Kern River and its successors and assigns. Notwithstanding the foregoing, Operator may not assign or delegate its rights or obligations hereunder without the express written consent of Kern River, which shall not be unreasonably withheld, and any such purported assignment or delegation without Kern River's express written consent shall be void.
16. AS TO ALL MATTERS OF CONSTRUCTION AND INTERPRETATION, THIS AGREEMENT SHALL BE INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF UTAH. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT

TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

17. Any notice, request or statement provided pursuant to this Agreement shall be in written or electronic form and shall be considered as having been given, when delivered personally, or, when , faxed or sent by other electronic measures to the other Party at the place designated on Kern River's Designated Site.
18. A waiver by either Party of any one or more defaults by the other Party hereunder shall not operate as a waiver of any future default or defaults, whether of like or different character.
19. This Agreement shall continue until terminated by either Party upon forty-eight (48) hours' prior written notice.
20. Any document generated by the Parties with respect to this Agreement, including this Agreement, may be imaged and stored electronically ("Imaged Documents"). Imaged Documents may be introduced as evidence in any proceeding as if such were original business records and neither Party shall contest the admissibility of Imaged Documents as evidence in any proceeding.
21. A signature delivered by facsimile, e-mail in portable document format (.pdf) or DocuSign electronic signature system shall be deemed to be an original manual signature for purposes of this Agreement and shall be binding and have the same legal effect as an original manual signature. This Agreement may be signed in counterparts, each of which when signed shall be an original, but all of which shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have entered into this Agreement as set forth above.

[Insert signature blocks]

