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FIVE FLAGS PIPE LINE COMPANY

March 20, 1997

Florida Public Service Commission  
Division of Records and Reporting  
Attn.: Blanca Bayo, Director  
101 East Gaines Street  
Tallahassee, FL 32399-0850

Re: Filing of Initial Regulated Rates by Five Flags Pipe Line Company  
Docket No. *970341-6P*

Ladies and Gentlemen:

Enclosed for filing please find an original and fifteen copies of Five Flags Pipe Line Company's Petition for Approval of Rates as well as a disk containing a Word 6.0c version of the above mentioned document. You will also find a copy of this letter enclosed. Please date-stamp this copy to indicate that the original was filed and return a copy to me.

If you have any questions regarding this matter, please feel free to contact me. Thank you for your assistance in processing this filing.

ACK \_\_\_\_\_

AFA \_\_\_\_\_

APP Sincerely,

CAF *David K. Martin/HB*

CMH  
DTP **David K. Martin**  
EAG **Attorney**

LEG \_\_\_\_\_

LIN \_\_\_\_\_

ONE **Enclosures**

POJ \_\_\_\_\_

SEC \_\_\_\_\_

WPS \_\_\_\_\_

OTH \_\_\_\_\_

03057 MAR 21 1997  
RECORDS/REPORTING

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**In Re: Filing of Initial )  
Regulated Rates by Five )  
Flags Pipe Line Company )**

**Docket No.: \_\_\_\_\_  
Filed: \_\_\_\_\_**

**PETITION OF FIVE FLAGS PIPE LINE COMPANY  
FOR APPROVAL OF RATES**

Pursuant to Chapter 368 of the State of Florida Statutes, Five Flags Pipe Line Company ("Five Flags") hereby requests approval of its existing firm and interruptible system transportation rates for transportation services provided pursuant to Chapter 368 of the Florida Statutes.

Communications regarding this petition should be directed to:

**Katie Rice  
Five Flags Pipe Line Company  
P.O. Box 1478  
Houston TX 77251-1478  
(713) 229-4722  
fax: (713) 229-6012**

**David K. Martin, Esq.  
Five Flags Pipe Line Company  
P.O. Box 1478  
Houston TX 77251-1478  
(713) 229-5346  
fax: (713) 229-5544**

**L**

The legal name of Five Flags is Five Flags Pipe Line Company. Five Flags is a corporation organized under the laws of the State of Florida with its principal place of business located at 600 Travis St., Houston, TX, 77251-1478. Five Flags is a wholly-owned subsidiary of Koch Industries, Inc. Five Flags' pipeline was originally constructed in 1972 with an expansion in 1974. The pipeline operates solely within the State of Florida and is a natural gas transmission company within the meaning of Chapter 368.105 of the Florida Statutes.

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## **II.**

Five Flags provides transportation service to customers in Santa Rosa and Escambia Counties, Florida, pursuant to ten existing transportation contracts. With respect to seven of these contracts, Five Flags provides transportation service pursuant to Section 311 of the Natural Gas Policy Act of 1978 and 18 C.F.R. §284 of the Federal Energy Regulatory Commission's ("FERC") regulations. With respect to the remainder of Five Flags' transportation contracts, the rates for service were individually negotiated.

## **III.**

On September 20, 1993 Five Flags filed a Petition for Approval of rates ("1993 Filing") with the Florida Public Service Commission ("Commission") requesting approval of its existing firm and interruptible system transportation rates. This filing requested approval from the Commission of rates which were previously approved by the FERC. The Commission issued an Order Approving Initial Regulated Rates on November 18, 1993 ("November 18 Order"). On January 5, 1994, Five Flags filed with the FERC a petition which requested that it be allowed to employ rates on file with the Commission for NGPA Section 311 transportation on behalf of interstate pipeline companies and/or local distribution companies served by interstate pipeline companies. On May 31, 1994 FERC approved this petition<sup>1</sup> ("May 31 Order") and granted the adjustment which permits Five Flags to use rates that are not greater than those approved by the Commission for its section 311 (a) transportation service. As a condition of the May 31 Order, Five Flags must file to obtain a new cost-based determination from the

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<sup>1</sup> Five Flags Pipeline Company, 67 FERC ¶ 62,198 (1994).

Commission at least once every three years and file with the FERC a copy of any applicable Commission order no later than 30 days after issuance of said order.

#### IV.

Five Flags is making this filing in compliance with the May 31 Order. Five Flags requests that the Commission issue its order finding that Five Flags' existing rates for service are just and reasonable. Specifically, with respect to Section 311 services, Five Flags requests that the Commission approve the following maximum firm and interruptible transportation rates:

Firm Reservation Charge:	\$2.2668 per MMBtu
Firm Commodity Charge:	\$0.0326 per MMBtu
Interruptible Rate:	\$0.1071 per MMBtu

These rates were approved by the FERC by Letter Order dated October 24, 1991, in Docket No. PR91-3-000, and were derived by settlement agreement. A copy of the FERC Letter Order is attached as Appendix A.

With respect to Five Flags' contracts which are not subject to FERC Section 311 jurisdiction, Five Flags requests that the Commission approve the existing negotiated rates reflected in those contracts. In this regard, Five Flags filed as part of the 1993 filing in Docket No. 930721-GP joint affidavits which affirmed that neither the company nor the customers had an unfair advantage during the negotiations, and that competition did exist in the markets in which Five Flags operates as required by Chapter 368.105 of the Florida Statutes.

Since the 1993 filing, there has been no change to the contracts between Five Flags and its ten customers. The affidavits provided with the 1993 filing for Five Flags' ten customers still adequately represent that neither the company nor the customers had an unfair advantage during the negotiations and that competition did exist in the markets which Five Flags operates.

In support of its request for approval of its existing rates, the contracts provided with the 1993 filing are still in effect and have not been amended.<sup>2</sup> Five Flags is also filing as Appendix B hereto its current Operational Procedures. These procedures have been previously filed with the Commission pursuant to Chapter 25-12 of the Florida Statutes, Safety of Gas Transportation by Pipelines and were included in the September 1993 filing.

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<sup>2</sup> Citrus Energy notified Five Flags that they elected to allow their contract to terminate effective April 1, 1997.

**v.**

Five Flags respectfully requests that the Commission promptly issue its determination finding Five Flags' existing rates just and reasonable, without suspension or refund objection. If the Commission deems necessary, Five Flags requests waiver of the 60-day notice provision of Chapter 368.106 of the Florida Statutes. Five Flags submits that good cause for such waiver exists to avoid any interruption of Five Flags' ongoing business.

**RESPECTFULLY SUBMITTED** this 20th day of March, 1997.

David K. Martin, Esq.  
Five Flags Pipe Line Company  
P.O. Box 1478  
Houston TX 77251-1478  
(713) 229-5346

*David K. Martin/nb*

David K. Martin

Attorney for Five Flags Pipe Line Company

**CERTIFICATE OF SERVICE**

**DOCKET NO.** \_\_\_\_\_

**I HEREBY CERTIFY** that a true and correct copy of the foregoing has been served by U.S. Mail on this 20th day of March, 1997, to the following parties of record:

**Blanca Bayo  
Director, Division of Records & Reporting  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, FL 32399-0863**

**T. R. O'Sullivan  
President  
Five Flags Pipe Line Company  
P. O. Box 1478  
Houston, TX 77251-1478**

*David K. Martin /MB*  
**David K. Martin**

**APPENDIX A**



**FEDERAL ENERGY REGULATORY COMMISSION**  
WASHINGTON, D. C. 20426

In Reply Refer to:  
OPPR - Certificated Rates and  
Transportation Branch  
Five Flags Pipe Line Company  
Docket No. PR91-3-000

Five Flags Pipe Line Company  
P. O. Box 1062  
Pace, Florida 32571

OCT 24 1991

Attention: Nathan Smith, President

Reference: Stipulation and Agreement

Ladies and Gentlemen:

The Stipulation and Agreement filed with the Commission on September 23, 1991, in the referenced docket, represents a reasonable resolution of the issues and is approved.

The major elements of the settlement are as follows:

- (1) The maximum fair and equitable rates for Section 311 transportation services performed on Five Flags' system are as follows:

Firm Reservation Charge: \$2.2668 per MMBtu  
Firm Commodity Charge : \$0.0326 per MMBtu  
Interruptible Rate : \$0.1071 per MMBtu

The rates agreed to in this settlement are based upon a current total cost of gross plant of \$2,879,210 and volumes of 9,453,500 MMBtu.

- (2) Five Flags agrees to refund, with appropriate interest, amounts previously collected for Section 311(a)(2) transportation above such settlement rate for all gas actually transported and delivered in the subject proceedings. This refunding will occur within 30 days of the Commission order, and Five Flags will file a refund report within sixty days.
- (3) On or before November 14, 1993, Five Flags shall file an application for rate approval pursuant to Section 284.123(b)(2) to justify the current system-wide rates or to establish new system-wide rates.

- (4) Five Flags' Operational Statement and any subsequent revision are incorporated herein by reference. If, during the term of the settlement, Five Flags makes any change to section VI of such Statement that would give intrastate firm or interruptible transportation service preference over section 311 firm transportation, it must file such change in a petition for rate approval pursuant to section 284.123(b)(2).
- (5) The Stipulation and Agreement represents a negotiated settlement of the issues in this proceeding and neither Five Flags, the Commission its Staff nor any other party shall be deemed to have accepted, agreed, or consented to any principle or issue in this proceeding.

This letter order does not relieve Five Flags from its obligation to file the required reports under Sections 284.126 and 284.148 of the Commission's regulations.

This letter order is without prejudice to any findings or orders which may have been or which may hereafter be made by this Commission, and is without prejudice to any claim or contention which may be made by the Commission, its Staff or any other party or person affected by this letter, in any proceeding now pending or hereafter instituted by or against Five Flags or any other person or party. The Commission's approval of this settlement does not constitute approval of, or precedent regarding any principle or issue in this proceeding.

By direction of the Commission.

*Leo D. Coffell*  
Secretary

cc: All Parties

Ernest C. Baynard III  
Executive Offices, Suite 600  
1828 L Street, N.W.  
Washington, DC 20036

Adelia S. Borrasca  
Holland & Hart  
Suite 310  
1001 Pennsylvania Avenue, N.W.  
Washington, DC 20004

**APPENDIX B**

# **FIVE FLAGS PIPE LINE COMPANY PIPELINE OPERATIONAL PROCEDURES**

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# **FIVE FLAGS PIPE LINE COMPANY PIPELINE OPERATIONAL PROCEDURES**

## **I. GENERAL**

These procedures describe how Five Flags Pipe Line Company (hereinafter "Owner" ), a Florida intrastate pipeline, will engage in transportation arrangements conducted under Chapter 368 of the Florida Statutes for any eligible Shipper. Owner shall be satisfied of Shipper's financial solvency, based on reasonable standards of credit worthiness consistently applied. It shall be the policy of Owner to render transportation service only on a firm and/or interruptible basis, under terms and conditions generally acceptable to Owner as set forth herein, executed after consideration of its existing commitments, pipeline design capacity, available pipeline capacity, points of receipt and points of delivery, and other factors deemed material by Owner. Owner reserves the right to vary from such general terms provided that any such variations are not materially detrimental to any other shipper similarly situated.

## **II. DEFINITIONS**

- A. The term "day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at seven o'clock ante meridiem (7:00 a.m.) Local Time at the delivery point.
- B. The term "month" shall mean a period beginning at seven o'clock ante meridiem (7:00 a.m.) Local Time on the first day of a calendar month and ending at seven o'clock ante meridiem (7:00 a.m.) Local Time on the first day of the next succeeding calendar month.
- C. The term "gas" shall mean hydrocarbons (including, without limitation, methane and ethane) in a gaseous

## **FIVE FLAGS PIPE LINE COMPANY PIPELINE OPERATIONAL PROCEDURES**

state or natural gas.

- D. The term "cubic foot of gas" shall mean the volume of gas which would occupy one cubic foot (1CF) of space when such gas is at a temperature of sixty (60) degrees Fahrenheit and a pressure of fourteen and sixty-five hundredths pounds per square inch absolute (14.65 psia) with correction for deviation from Boyle's Law.
- E. The term "MCF" shall mean one thousand (1,000) cubic feet and "BCF" shall mean one billion cubic feet.
- F. The term "MMBTU" shall mean one million (1,000,000) British Thermal Units.
- G. The term "BTU" shall mean British Thermal Unit. The BTU content per cubic foot shall be determined for a cubic foot of gas at a temperature of sixty (60) degrees Fahrenheit when saturated with water vapor and at an absolute pressure equivalent to thirty inches (30") of mercury at thirty-two (32) degrees Fahrenheit with air at the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air and when the water formed by combustion is condensed to liquid state. The BTU content so determined shall be adjusted to a pressure base of 14.65 psia and a temperature of sixty (60) degrees Fahrenheit on a dry (water-free) basis before applying same to the measured volume to determine the calorific content of gas delivered.
- H. The term "receipt point" shall mean the point of interconnection to be established between Owner and any other third party capable of or having gas delivered into

# **FIVE FLAGS PIPE LINE COMPANY PIPELINE OPERATIONAL PROCEDURES**

Owner pipeline system within the State of Florida.

- I. The term "delivery point" shall mean the existing delivery point between the facilities of User and Owner at User's plant.

### **III. GOVERNMENTAL REGULATION**

The transportation arrangement will be subject to all valid existing and future laws, orders, rules, regulations or proclamations of authorities having jurisdiction or control over the parties thereto or the subject matter thereof including, but not limited to, the provisions of Chapter 368 of the Florida Statutes.

### **IV. REQUESTS FOR TRANSPORTATION**

All requests for transportation service shall be in writing and duly signed and authorized by Shipper or its agent. Owner will accept as a bona fide request only those requests which, in Owner's sole judgment, are sufficiently specific with respect to points of receipt and delivery, volume, term, pattern of usage, and only if the Shipper can demonstrate to Owner's satisfaction that it has a supply and/or a market and that it is ready, willing and able to commence the transportation transaction within the contract period.

### **V. RECEIPT AND DELIVERY OF TRANSPORTATION GAS**

Transportation service will be provided for the receipt for Shipper's account at the point of receipt of certain designated quantities of natural gas not less than one thousand (1,000) Mcf per day and the redelivery to Shipper or its designee at the point of delivery of quantities equivalent on a heating value basis to the aggregate Mcfs received for the account of Shipper at the Owner's Receipt Point reduced by

## **FIVE FLAGS PIPE LINE COMPANY PIPELINE OPERATIONAL PROCEDURES**

the Stus, if any, which are required for compressor fuel in the rendition of service.

### **VI. AVAILABILITY OF TRANSPORTATION SERVICE**

- A. Firm transportation service shall be made available to firm Shippers requesting such service on a first-come/first served basis. Interruptible transportation shall be made available to interruptible Shippers requesting such service on a first-come/first served basis to the extent capacity remains after all requests for firm transportation service have been satisfied. Adding delivery point(s) or increasing the total maximum daily quantity of existing transportation arrangements shall be considered new requests for purposes of determining priority of service.**
- B. Owner shall not allocate capacity to interruptible service if such allocation would prevent another Shipper from utilizing its capacity under a firm service arrangement or adversely affect Owner's operating requirements, or if the available excess capacity in Owner's existing compression or pipeline facilities is required for owner's own use from time to time.**
- C. In the event it becomes necessary for Owner to interrupt interruptible services, Owner shall interrupt such service ratably among all interruptible Shippers.**
- D. In the event it becomes necessary for Owner to allocate capacity or curtail service only in a particular segment of Owner's system, any necessary expansion or reduction shall be implemented in accordance with this Section only in that segment of Owner's system.**



# **FIVE FLAGS PIPE LINE COMPANY PIPELINE OPERATIONAL PROCEDURES**

## **VII. TERMS**

Transportation will be provided for a term of years, which is listed in each contract, from the date of initial deliveries, and thereafter may remain in force and effect unless terminated by either party upon not less than one hundred eighty (180) days prior written notice of such termination given to the other party.

## **VIII. DETERMINATION AND BALANCING OF DELIVERIES**

Dispatchers of Owner and Shipper or its designee will mutually agree upon the quantities to be scheduled for transportation each day. It shall be the intention of Owner that daily deliveries to Shipper or its designee at the Owners Delivery Point will be equal on a heating value basis to daily receipts by Owner for Shipper's account at the Owners Receipt Point less compressor fuel, if any. However, due to variations in operating conditions, daily and monthly deliveries by Owner may be greater or less than the corresponding receipts of gas by Owner. Any such excess or deficiency will be adjusted or corrected in gas as soon as operating conditions reasonably permit. Should Shipper's deliveries to Owner at Owners Receipt Point exceed the maximum daily volume established in the Transportation Agreement, plus a five percent (5%) variation for such Owners Receipt Point, Owner shall have the right to charge the maximum fee or penalty established or allowed by the Commission or any other governmental authority having jurisdiction, which is applicable to such excess deliveries, including but not limited to any storage, over run or peak day fees. In the event any such excess delivery would jeopardize the safety of Owner's operations and/or its ability

## **FIVE FLAGS PIPE LINE COMPANY PIPELINE OPERATIONAL PROCEDURES**

to meet its contractual commitments to others, to the extent permitted by law, Owner shall have the right to vent, without being held liable to Shipper, or any other person, all or such part of said excess delivery as Owner, in its sole discretion, deems necessary.

### **IX. DELIVERY PRESSURE, ASSUMED ATMOSPHERIC PRESSURE**

All gas to be transported hereunder shall be delivered at the Owner's Receipt Point at a pressure sufficient to enter Owner's pipeline facilities at such point, but in no event in excess of Owner's maximum allowable operating pressure at such point and at an assumed atmospheric pressure of 14.65 psia. Gas redelivered to Shipper or its designee at the Owner's Delivery Point shall be at pressures as may be available from time to time in Owner's pipeline facilities at such point, and at an assumed atmospheric pressure of 14.65 psia. Owner shall not be required to change its operating conditions or install facilities, including compression, to enable the receipt or delivery of Shipper's gas.

### **X. MEASUREMENT**

The amount or quantity of gas delivered under the transportation arrangement at the applicable receipt and delivery point will be determined by the party responsible for measurement at each such point at a temperature of sixty (60) degrees Fahrenheit, at a pressure of 14.65 psia and on the basis of AGA Gas Measurement Committee Report No. 3, including any amendments or revisions thereof. The Btu content of the gas so delivered will be determined on a gross, saturated basis, and then corrected to actual gas conditions as delivered, utilizing mutually agreeable methods.

# **FIVE FLAGS PIPE LINE COMPANY PIPELINE OPERATIONAL PROCEDURES**

## **XI. MEASUREMENT EQUIPMENT**

Unless otherwise agreed to by the parties, Owner will install, operate and maintain or cause to be installed, operated, and maintained such measuring and related facilities as are necessary for the measurement in MMBtu's and Mcf's of gas delivered at the Owner's Receipt Point and at the Owner's Delivery Point; provided, however, Shipper shall reimburse Owner for any and all costs incurred by Owner in connection with the installation of such facilities.

## **XII. QUALITY**

Gas delivered to Owner at the receipt point shall conform to the following specifications:

- A. Shall contain not more than one (1) grain of hydrogen sulfide per one hundred (100) cubic feet of gas as determined by the Tutweiler test or some other quantitative test, mutually agreeable to the parties hereto, after the presence of hydrogen sulfide has been indicated by qualitative test.
- B. Shall not contain more than twenty (20) grains of total sulphur per one hundred (100) cubic feet of gas at fourteen and seven-tenths pounds per square inch absolute (14.7 psia) and a temperature of sixty (60) degrees Fahrenheit.
- C. Shall contain not more than:
  1. Three percent (3%) by volume of carbon dioxide;
  2. One percent (1%) by volume of oxygen.
  3. Shall have a temperature of not more than one hundred twenty-five (125) degrees Fahrenheit
  4. Shall be commercially free from dust, gums, gum-

## **FIVE FLAGS PIPE LINE COMPANY PIPELINE OPERATIONAL PROCEDURES**

forming constituents, or other solid or liquid matter.

5. Shall contain no more than seven pounds (7 lbs.) of water per one million (1,000,000) cubic feet. The water vapor content shall be determined by Owner by use of dew point apparatus approved by the Bureau of Mines or other mutually agreeable method.

### **XIII. RATES AND CHARGES**

The transportation fee will not exceed the maximum fair and equitable rate as determined in accordance with the Commission's regulations, or an adjustment therefrom, or as established by any other governmental authority having jurisdiction. To the extent that it is legally permissible, Owner shall in addition have the right to charge Shipper:

- A. For the costs of any facilities installed by Owner to receive or deliver natural gas for the account of Shipper;
- B. For any and all fees required in connection with Shipper's Transportation Agreement that Owner is obligated to pay to the Commission or any other governmental authority having jurisdiction;
- C. For any natural gas gathering, occupation, production, severance or sales tax, first use tax, gross receipt tax, or taxes similar in nature or equivalent in effect that are now or hereafter imposed or assessed against Owner by any lawful authority as a result of the transportation of natural gas pursuant Chapter 368 of the Florida Statutes or the production or gathering of such natural gas;
- D. For any charges which Owner incurs from other parties in

## **FIVE CLASS PIPE LINE COMPANY PIPELINE OPERATIONAL PROCEDURES**

rendering service for shipper if such charges are related to the transportation service rendered to shipper under this Operating Procedures; and

- H. For shipper's pro rata share of the cost of compressor fuel used by owner on any day, excluding any quantities for which fuel reimbursement has been received pursuant to any other provision of this procedure.

### **REV. BILLING AND PAYMENT**

- A. On or before the twentieth (20) day of each month following the commencement of service hereunder, owner shall render to shipper an invoice setting forth the amount owed hereunder for transportation services rendered during the preceding month. Unless there is a dispute, in good faith, with respect to the amounts due (in which event shipper shall pay all undisputed amounts as provided herein), shipper shall pay to owner the amount set forth on said invoice within fifteen (15) days from the date of shipper's receipt of the statement.
- B. In the event an error is discovered in the amount billed in any statement rendered by owner, such error shall be corrected within thirty (30) days of the termination thereof; provided, however, that if such error is discovered by shipper, shipper shall have made claim therefor within twenty-four (24) months from the date of discovery of such error; and provided, further, that in no event shall any such errors be subject to correction if such error is not discovered or a claim therefor made by not later than twenty-four (24) months following the month in which such invoice was sent to shipper.

## **FIVE FLAGS PIPE LINE COMPANY PIPELINE OPERATIONAL PROCEDURES**

- C. If Shipper fails to pay the amount of any bill for services performed as herein provided when such amounts are due (including amounts which are disputed by Shipper but which are found in favor of Owner); or if Owner is determined to, have overcharged Shipper for services performed hereunder, interest thereon shall accrue at the prime rate of interest as posted, from time, to time, by SouthTrust Bank of Alabama, N.A., Birmingham, Alabama, such interest to apply from the due date until the date of payment. If such failure to pay continues for thirty (30) days after such payment is due, Owner, in addition to any other remedy it may have hereunder, may, without damage and without terminating this Agreement, suspend further receipts and deliveries of gas hereunder until such amount is paid; provided, however, that if Shipper, in good faith, shall dispute the amount of any such bills or parts thereof and shall have paid Owner such amounts as it concedes to be correct, Shipper shall not be entitled to suspend further receipts and deliveries of gas. Notwithstanding the foregoing, in the event that a good faith dispute shall not have been resolved by mutual agreement within six (6) months of billing, Shipper nevertheless shall be obligated to make payment to Owner of such disputed amount, such payment to be without prejudice to the ultimate resolution of the dispute.**

### **XV. POSSESSION OF GAS, TITLE AND RISK OF LOSS**

**As between Owner and Shipper, Owner will be deemed to be in control and possession of the gas after its delivery to Owner at the Owner's Receipt Point and prior to its delivery to**

## **FIVE FLAGS PIPE LINE COMPANY PIPELINE OPERATIONAL PROCEDURES**

Shipper or its designee at the Owner's Delivery Point. The party in control and possession of the gas will be responsible for and shall indemnify the other party with respect to any losses, injuries, claims, liabilities or damages arising from the claimed or actual gross negligence of the party while that party is in control or possession of the gas. Notwithstanding the foregoing, Shipper shall at all times have title to all gas transported under the transportation arrangement. Title to all facilities installed by Owner shall be in Owner's name.

### **XVI. INDEMNIFICATION**

Each party will agree that with respect to the gas delivered or redelivered by it under the transportation arrangement, it will indemnify and save the other party harmless from and against any and all suits, actions, causes of actions, claims and demands arising from or out of any adverse claims by third parties claiming ownership or an interest in the gas so delivered or redelivered.

### **XVII. FORCE MAJEURE**

In the event that the Shipper or the Owner is rendered unable to meet its obligations under the transportation arrangement due to force majeure, the obligations of the party affected by such force majeure, other than the obligation to make payment of amounts due under the transportation arrangement, shall be suspended during the continuance of any inability so caused, provided, however, that the party claiming force majeure shall take all reasonable measures to overcome the effect of such event of force majeure. The term "force majeure" shall mean acts and events not within the control of the party claiming suspension.

## **FIVE FLAGS PIPE LINE COMPANY PIPELINE OPERATIONAL PROCEDURES**

### **XVIII. APPLICABLE LAW**

The contract covering the transportation arrangement shall be governed by the laws of the State of Florida.

### **XIX. SUCCESSORS AND ASSIGNS**

The contract covering the transportation arrangement shall be binding upon and inure to the benefit of the successors, assigns and legal representatives of the parties; provided, however, neither party thereto shall assign the contract, or any of its rights and obligations thereunder without first securing the prior written consent of the other party; and, provided further, either party shall have the right to pledge or mortgage its respective rights under the contract for security of its indebtedness without the prior written consent of the other party.

### **XX. CONDITIONS PRECEDENT**

In the event that on or before one hundred eighty (180) days subsequent to the date of the contract covering the transportation arrangement, deliveries of gas for transportation thereunder have not commenced, then in such event and thereafter, until such deliveries are tendered and accepted, either party may cancel the obligation to commence service under the transportation arrangement unless and until:

- A. all facilities, of whatever nature, as are required to permit the receipt, measurement, transportation and delivery of natural gas thereunder have been installed and are in operating condition, and
- B. shipper has arranged for the delivery and receipt by any necessary third party transportation of volumes to be transported and delivered thereunder by Owner.



# **FIVE FLAGS PIPE LINE COMPANY PIPELINE OPERATIONAL PROCEDURES**

## **XXI. NOTICES**

Any notice, request, demand, statement, bill or payment provided for under the transportation arrangement or any notice which a party may desire to give to the other, shall be in writing and shall be considered as duly delivered when mailed to the other party at the following address:

**If to Shipper:**

**For Billing and Statements:**

**(SEE EACH CONTRACT FOR INFORMATION)**

**For Operational Matters:**

**(SEE EACH CONTRACT FOR INFORMATION)**

**If to Owner:**

**For all Matters:**

**Five Flags Pipe Line Company  
P. O. Box 1478  
Houston, TX 77251-1478  
Attn.: David K. Martin, Esq.**

or at such other address as either party may designate in writing. Routine communications shall be considered as duly delivered as of the postmark date when mailed by ordinary mail. Operating communications by telephone or other mutually agreeable means shall be considered as duly delivered without subsequent written confirmation, unless written confirmation is requested by either party.