

GATHERING AND NATURAL GAS SERVICES AGREEMENT

BETWEEN

[SHIPPER]

AND

ETC TEXAS PIPELINE, LTD.

DATED _____, 2011

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GATHERING AND NATURAL GAS SERVICES AGREEMENT

ETC TEXAS PIPELINE, LTD., a Texas limited partnership, ("Gatherer") and [SHIPPER], a _____ corporation, ("Shipper") enter into this Gathering and Natural Gas Services Agreement (together with all Individual Transaction Confirmations, collectively, this "Agreement") effective as of _____, 2011 (the "Effective Date").

WITNESSETH

WHEREAS, Shipper plans from time to time, to develop and produce quantities of Gas from certain oil and gas properties located in the State of Texas, from which Shipper has or will have available a supply of Gas requiring gathering and other services; and

WHEREAS, Gatherer desires to gather and/or provide certain services for Shipper, and Shipper desires for Gatherer to gather and/or provide services for such quantities of Gas from specified points of receipt; and

WHEREAS, Shipper will commit the Committed Reserves to Gatherer in accordance with the terms herein,

NOW, THEREFORE, for and in consideration of the premises and mutual covenants herein contained, Shipper and Gatherer do hereby stipulate and agree as follows.

ARTICLE I DEFINITIONS

1.1 Specific Defined Terms. As used throughout this Agreement including the Exhibits hereto, the following capitalized terms shall have the meanings ascribed below.

"Actual Throughput" shall have the meaning set forth in Section 3.9.

"Administrative Fee" shall have the meaning set forth in Section 3.8.

"Affiliate" and "Affiliates" means, with respect to any relevant Person, any Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or under common control with such relevant Person. For purposes of this definition, the term "control" (including its derivatives and similar terms) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the relevant Person, whether through the ownership or control of voting interest, by contract or otherwise.

"Agreement" shall have the meaning set forth in the Preamble.

"Btu" means the amount of energy required to raise the temperature of one pound of pure water one degree Fahrenheit (1°F) from fifty-nine degrees Fahrenheit (59°F) to sixty degrees Fahrenheit (60°F). The term "MMBtu" means one million Btus.

"Committed Reserves" means Shipper's Interest and any other area that the Parties may in the future mutually agree to add to this Agreement.

"Commodity Fee" shall have the meaning set forth in Section 3.3.

"Compression Fee" shall have the meaning set forth in Section 3.7.

"Condensate" means liquid hydrocarbons produced from a well which is measured and delivered into the Gathering System at a Receipt Point as Gas but during transportation in the Gathering System experiences a phase change to a liquid state and is subsequently recovered as a liquid.

"Conditioning Fee" shall have the meaning set forth in Section 3.4.

"Contract Year" means the 365 consecutive Days (or 366 consecutive Days if Contract Year includes a leap year (February 29)) beginning on the first Day of the Month subsequent to the Initial Delivery Date and each of the anniversaries thereafter.

"Day" means a period of twenty-four (24) consecutive hours, beginning at 9:00 a.m. Central Clock Time ("CCT") on any calendar Day. "Business Day" means a Day on which the Federal Reserve member banks in New York City are open for business and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. CCT.

"Dehydration Fee" shall have the meaning set forth in Section 3.6.

"Delivery Point(s)" shall have the meaning set forth in Section 5.2.

"Demand Fee" shall have the meaning set forth in Section 3.2.

"Downstream Gatherer" means any pipeline directly connected downstream of the Delivery Point(s).

"Effective Date" shall have the meaning set forth in the Preamble.

"Event of Default" or "Default" means the occurrence of any of the following events, circumstances or conditions: (i) failure by either Party to materially perform or comply with any material agreement, covenant, obligation or other provision contained in this Agreement when either (A) such failure has not been cured within the greater of a reasonable period of time or thirty (30) Days; in each case, following the Party in Default receiving written notice thereof from the Party not in Default (other than a Default which occurs because such Party is rightfully withholding performance in response to the other Party's failure to perform), or (B) an effort to

remedy such failure has not been commenced within such period following such written notice and continued to be diligently prosecuted, with such measures reasonably expected to cure any such Default; (ii) the entry of Shipper into voluntary or involuntary bankruptcy, receivership or similar protective proceedings; (iii) the material inaccuracy or breach of any representation or warranty contained herein when such failure either has not been cured within the greater of a reasonable period of time or thirty (30) Days following receipt of written notice thereof by the Party in Default, or (iv) failure to pay any amounts owed pursuant to this Agreement within thirty (30) Days after the applicable due date, other than amounts disputed in good faith pursuant to the provisions of Section 9.2.

"Firm" or "Firm Service" as used herein means that the gathering of Gas up to the Maximum Daily Quantity (MDQ) is not subject to a prior claim by another shipper or class of shipper or service.

"FL&U" means the combination of Fuel and Lost and Unaccounted for Gas.

"Fuel" is that quantity of Gas, in MMBtu, used by Gatherer for fuel in the provision of services such as gathering, conditioning, treating, dehydrating and/or compressing the Gas.

"Force Majeure" shall have the meaning set forth in Section 16.1.

"Gas" means methane and other gaseous hydrocarbons, including gaseous combustible, noncombustible, and inert elements, compounds, components or mixtures thereof and liquefiable hydrocarbons in the vapor stream produced at the wellhead.

"Gas Imbalance Account" means the record of the cumulative variance between the volume of Gas delivered at the Delivery Point(s) for Shipper's account and the volume of Gas received at the Receipt Point(s) (less any FL&U and, if applicable, Shrink).

"Gathering Fee(s)" shall have the meaning set forth in Section 3.1.

"Gathering System" means the Gas gathering pipeline system owned and controlled by Gatherer.

"Individual Transaction Confirmation" or "ITC" means an effective and unexpired agreement documented by written means, evidencing the specific terms of a Transaction, which may be in any form adequate at law, but which shall be subject to the terms and conditions of this Agreement and include information materially similar to that contained on Exhibit A.

"Initial Delivery Date" means, with respect to any specified Subject Lease, the first date on which Shipper delivers any Gas from the Committed Reserves to Gatherer at the Receipt Point(s) pursuant to this Agreement.

"Interruptible" or "Interruptible Service" as used herein means that Gatherer, in its sole and unfettered discretion, shall have the right to interrupt, curtail or suspend the receipt,

gathering or delivery of Gas hereunder at any time and from time to time without any liability to Shipper by reason thereof.

"Laws" mean any laws, rules, regulations, decrees and orders of the United States of America and all other governmental bodies, agencies or other authorities having jurisdiction over or affecting the provisions contained in or the transactions contemplated by this Agreement or the Parties or their operations, whether such Laws now exist or are hereafter amended or enacted.

"Loss" or "Losses" means, unless specifically provided otherwise, all claims, including, but not limited to, those for bodily injury or death, personal injury, illness, disease, maintenance, cure, loss of parental or spousal consortium, loss of support, wrongful death, property damage and wrongful termination of employment, damages, liabilities, losses, demands, liens, encumbrances, fines, penalties, costs for removal of wreck/debris, causes of action of any kind (including actions in rem or in personam), obligations, costs, judgments, interest and awards (including payment of reasonable attorneys' fees and costs of litigation) or amounts, of any kind or character (except punitive or exemplary damages), whether under judicial proceedings, administrative proceedings or otherwise, or conditions in the premises of or attributable to any Person or Persons or any Party or Parties, breach of representation or warranty (expressed or implied), under any theory of tort, contract, breach of contract (including any Losses which arise by reason of indemnification or assumption of liability contained in other contracts entered into by Gatherer or Shipper) arising out of, or incident to or in connection with the Agreement or the performance of work, services or operations contemplated under the Agreement.

"Lost and Unaccounted for Gas" or "L&U" means Condensate and that volume of Gas, in MMBtu, received by Gatherer which is released and/or lost through piping, equipment, or operations, which cannot be accounted for, or is vented.

"Maximum Daily Quantity" or "MDQ" means the maximum quantity of Gas that Shipper may deliver each Day at the Receipt Point(s) for gathering services as set forth in an Individual Transaction Confirmation, if applicable.

"Month" means a period beginning at 9:00 a.m. CCT on the first Day of the calendar Month and ending at 9:00 a.m. CCT on the first Day of the next succeeding calendar month.

"New Taxes" means (i) any Taxes enacted and effective after the Effective Date, including that portion of any Taxes or New Taxes that constitutes an increase, or (ii) any Laws, or interpretations thereof, enacted and effective after the Effective Date resulting in the application of any Taxes to a new or different class of parties.

"Non-Specification Gas" shall have the meaning set forth in Section 7.3.

"Party" means, individually, either Gatherer or Shipper, collectively referred to as the "Parties".

"Person" or "Persons" means any individual or entity, including, without limitation, any corporation, limited liability company, joint stock company, general or limited partnership, or government authority (including any agency or administrative group thereof).

"Quality Specifications" means the Gas quality specifications set forth in Section 7.1.

"Receipt Point(s)" shall have the meaning set forth in Section 5.1.

"Shipper's Daily Deliverability of Gas" means the Gas which is physically capable of being produced by Shipper in accordance with applicable Laws from wells completed within the Committed Reserves, subject only to Shipper's Reservations.

"Shipper's Interest" means all interests that Shipper (or any of its Affiliates) now or hereinafter owns, controls, acquires, or has the right to market in natural gas reserves in under or attributable to the Subject Leases and the area shown on Appendix 1 of the ITC, together with any pool, communitized area or unit, and all interests in any wells, whether now existing or drilled hereafter, on or completed within any such Subject Leases, or within any such pool, communitized area or unit, even though Shipper's Interest may be incorrectly or incompletely stated, all as the same shall be enlarged by the discharge of any burdens or by the removal of any charges or encumbrances to which any of same may be subject as of the Effective Date, and any and all replacements, renewals and extensions or amendments of any of the same.

"Shipper's Reservations" shall have the meaning set forth in Section 4.2.

"Shrink" means the actual portion or quantity of Gas which is extracted, absorbed or removed as a result of Gatherer mechanically treating or processing the Gas.

"Stated Rate" means, for any date, an annual rate of interest (compounded daily) equal to the lesser of (a) two percent (2%) over the per annum rate of interest announced as the "prime rate" for commercial loans posted from time to time by Citibank, N.A. (New York, New York office) or its successor or a mutually agreed substitute bank, or (b) the maximum lawful interest rate then in effect under applicable law.

"Shipper's Reserved Capacity" or "SRC" means the portion of the aggregate daily gathering capacity (expressed in MMBtu) reserved for Shipper in Gatherer's Gathering System for which Gatherer shall charge a Demand Fee as set forth in the Individual Transaction Confirmation.

"Subject Leases" means all leaseholds, royalties, overriding royalties, other non-expense bearing accounts, carried interests, fee interests or other real property interests located within the area set forth on Appendix 1 of the Individual Transaction Confirmation.

"Taxes" means any or all ad valorem, property, occupation, severance, production, extraction, first use, conservation, Btu or energy, gathering, transport, pipeline, utility, gross receipts, Gas or oil revenue, Gas or oil import, privilege, sales, use, consumption, excise, lease,

transaction, and other or new taxes, governmental charges, licenses, fees, permits, and assessments, or increases therein, other than taxes based on or assessed against net income or net worth.

"Thermal Content" means the product of a volume of Gas and the gross heating value of such Gas, adjusted to a same pressure base of 14.65 p.s.i.a., and expressed in dekatherm or MMBtu.

"Third Party Gas" means all natural Gas production not owned or controlled by Shipper or its Affiliates, excluding any farmouts of the Committed Reserves.

"Total Volume Throughput Commitment" shall have the meaning set forth in Section 3.9.

"Transaction" means any agreement (including that set forth in an Individual Transaction Confirmation) and any amendment, modification, or supplement thereof made subject to and in accordance herewith for the gathering of Gas or provision of other services to be performed hereunder.

"Treating Fee" shall have the meaning set forth in Section 3.5.

"True-Up Payment(s)" shall have the meaning set forth in Section 3.10.

1.2 Other Defined Terms. Other capitalized terms used in this Agreement and not defined in Section 1.1 above shall have the meanings ascribed to them throughout this Agreement.

ARTICLE II SCOPE OF AGREEMENT/TENDER OF GAS

2.1 Scope of Agreement. Gatherer and Shipper from time to time during the term hereof may, but are not obligated to, enter into Transactions for the gathering of Gas and/or the provision of other services as set forth herein to which this Agreement shall apply. Each Transaction shall be effectuated and evidenced as set forth in this Article 2 and shall constitute a part of this Agreement and all Transactions, together with this Agreement, shall constitute a single integrated agreement. Each Transaction shall be construed as one with this Agreement and any discrepancy or conflict between any term contained in this Agreement and any term contained in an Individual Transaction Confirmation shall be resolved in favor of the Individual Transaction Confirmation.

2.2 Tender of Committed Reserves and Gathering Services. In accordance with Article IV, Shipper shall tender to Gatherer at the Receipt Point(s) one hundred percent (100%) of Shipper's Daily Deliverability of Gas during the term of this Agreement. Subject to the capacity of the Gathering System (and other facilities necessary for provision of other services hereof) and the terms and conditions hereof, Gatherer will accept at the existing or new Receipt Point(s) all Gas that Shipper or any of its Affiliates deliver to such Receipt Point(s), and will

redeliver all such Gas (less FL&U and, if applicable, Shrink) at the Delivery Point(s), provided that such Gas is properly scheduled by Shipper in accordance with Gatherer's (or its Affiliates') scheduling procedures set forth in Section 6.4 hereof.

2.3 Facilities. Except as set forth in an Individual Transaction Confirmation, Gatherer shall not be obligated to add to or modify its facilities or expand the capacity of the Gathering System in any manner in order to provide services to Shipper, including, but not limited to providing conditioning, treating, dehydration, compression, processing, or other services or associated facilities in order to receive Gas at an existing or new Receipt Point(s). Shipper may request, in writing, that Gatherer expand facilities or add new Receipt Point(s) or Delivery Point(s) or provide additional services. Gatherer shall determine, in its sole discretion, whether it will construct the facilities necessary to provide such requested services. In the event Gatherer agrees to provide such services, then Gatherer shall have the right to re-determine the fees to be charged hereunder and/or to establish the fees for such additional services. Shipper shall install and operate or cause the installation and operation of all facilities necessary to deliver Shipper's Gas to Gatherer at the Receipt Point(s).

2.4 Allocations. Shipper recognizes that quantities of Gas are delivered through the Delivery Point(s) for third parties, and therefore, the measurement of Gas under this Agreement may involve the allocation of Gas deliveries. As between Gatherer and Shipper, Gatherer will determine the allocation for all Gas deliveries hereunder on a prorata basis.

ARTICLE III GATHERING AND NATURAL GAS SERVICES FEES

3.1 Gathering Fee(s). The gathering fee(s) to be paid by Shipper to Gatherer for the volumes of Gas delivered by Shipper and received and gathered by Gatherer hereunder shall be as described in Sections 3.2 through 3.8 and as set forth on the Individual Transaction Confirmation (the "Gathering Fee(s)").

3.2 Demand Fee. Shipper shall pay Gatherer a fee each Day as specified in the Individual Transaction Confirmation multiplied by Shipper's Reserved Capacity multiplied by the number of Days in the Month ("Demand Fee").

3.3 Commodity Fee. Shipper shall pay Gatherer a usage or commodity fee as specified in the Individual Transaction Confirmation, which will be billed and/or calculated on the volume of Shipper's Gas that Gatherer receives at the Receipt Point(s) ("Commodity Fee").

3.4 Conditioning Fee. In the event the hydrocarbon dew point of the Gas does not meet the Quality Specifications, Gatherer may elect to condition the Gas for Shipper, in which event Shipper shall pay Gatherer the conditioning fee set forth in each Individual Transaction Confirmation, for Gatherer to receive and condition such Gas (the "Conditioning Fee").

3.5 Treating Fee. In the event the nitrogen content, the carbon dioxide content and/or the hydrogen sulfide content of the Gas does not meet the Quality Specifications,

Gatherer may elect to blend or treat the Gas for Shipper, in which event Shipper shall pay Gatherer the fee set forth in each Individual Transaction Confirmation for such blending or treating service (the "Treating Fee"). Otherwise, Shipper shall, at its sole cost and expense, blend or treat the Gas in order to meet the Gatherer's carbon dioxide and/or hydrogen sulfide specifications. Shipper agrees to furnish its prorata share of Fuel (or the percentage set forth on the Individual Transaction Confirmation) for the treating services provided by Gatherer at no cost to Gatherer.

3.6 Dehydration Fee. Should Shipper deliver Gas containing water vapor in excess of the Quality Specifications, Gatherer may elect to dehydrate the Gas for Shipper, in which event Shipper shall pay Gatherer the dehydration fee set forth in each Individual Transaction Confirmation, for Gatherer to receive and dehydrate such Gas (the "Dehydration Fee"). Otherwise, Shipper shall, at its sole cost and expense, dehydrate the Gas in order to meet Gatherer's water vapor specification. Shipper agrees to furnish its prorata share of Fuel (or the percentage set forth on the Individual Transaction Confirmation) for the dehydration services provided by Gatherer at no cost to Gatherer.

3.7 Compression Fee. Gatherer may charge Shipper a fee (the "Compression Fee") for activities including, but not limited to, the following: Shipper (a) delivers Gas at any Receipt Point(s) into one of Gatherer's pipelines whereon compression facilities are installed; or (b) the natural well pressure available from one or more of Shipper's wells is insufficient to produce and deliver Gas in economic quantities into Gatherer's high pressure Gathering System without compression, and Gatherer reduces the pressure of its Gathering System at the affected Receipt Point(s); or (c) Gatherer or its designee compresses the Gas downstream of such point(s). Shipper shall pay Gatherer the Compression Fee set forth in each Individual Transaction Confirmation. In addition, Shipper agrees to furnish its prorata share of Fuel (or the percentage set forth on the Individual Transaction Confirmation) for the compression services provided by Gatherer at no cost to Gatherer.

3.8 Administrative Fee. In the event the volume of Gas delivered by Shipper during any Month at any Receipt Point(s) is less than 1,000 Mcf, then for such Month and each Month thereafter in which Shipper's deliveries at such Receipt Point(s) are less than 1,000 Mcf per Month, Shipper shall pay to Gatherer, in addition to all other fees provided for herein, an administrative fee as set forth on the Individual Transaction Confirmation (the "Administrative Fee").

3.9 Throughput Commitment. Should there be a throughput commitment set forth in the terms of any Individual Transaction Confirmation under this Agreement and if the Actual Throughput (as defined below) for any applicable Contract Year is less than the Total Volume Throughput Commitment for such Contract Year as set forth in the applicable Individual Transaction Confirmation, Shipper shall pay to Gatherer a True-Up Payment (as defined below) for such Contract Year in accordance with the following. The actual throughput ("Actual Throughput") for any Contract Year(s) shall be the cumulative sum of the total volume throughput of Gas delivered by Shipper and received by Gatherer for gathering hereunder that flowed during said Contract Year plus the cumulative total of Shipper volumes that flowed

during the preceding Contract Year that was in excess of the Total Volume Throughput Commitment for that Contract Year. The Total Volume Throughput Commitment ("Total Volume Throughput Commitment") shall be as set forth in the applicable Individual Transaction Confirmation.

3.10 True-Up Payment(s). The term True-Up Payment ("True-Up Payment(s)") for any applicable Contract Year means a payment by Shipper to Gatherer for the positive difference, if any, between the Total Volume Throughput Commitment for such Contract Year and the Actual Throughput during such Contract Year, calculated by multiplying such difference by the cumulative weighted average Gathering Fee(s) hereunder during the Contract Year for which the True-up Payment is to be made. True-Up Payment(s) shall be calculated at the end of each of the Contract Years. True-Up Payment(s) are due on the twentieth (20th) Day of the second month following the end of each of the Contract Years.

3.11 FL&U. In addition to the fees set forth above in this Article III, Shipper shall convey to Gatherer at the Receipt Point(s) Shipper's pro rata share of FL&U. Title to the FL&U shall vest in Gatherer at the Receipt Point(s) at no cost to Gatherer.

ARTICLE IV COMMITTED RESERVES AND SHIPPER'S RESERVATIONS

4.1 Dedication of Committed Reserves. For the term of any applicable Individual Transaction Confirmation, and subject to the provisions hereof, Shipper hereby exclusively dedicates and commits to Gatherer for gathering and/or other services hereunder (or shall cause to be dedicated and committed to Gatherer for gathering and/or other services hereunder) as a covenant running with the land, all of the Committed Reserves. During the term of this Agreement, Shipper agrees not to disconnect or split-connect any wells from Gatherer's Gathering System. Notwithstanding anything to the contrary, unless such dedication is otherwise waived or released in writing by Gatherer hereunder, any attempted assignment or transfer (in whole or in part, including any farmout agreement or other similar or related arrangement) of any or all of the Committed Reserves or rights thereto shall constitute a Default by Shipper hereunder and be null and void unless such assignment or transfer includes an express provision stating that (a) such assignment or transfer is made subject to the terms of this commitment and this Agreement, and (b) the assignee or transferee agrees to become a party to, and bound by, the terms and conditions set forth in this Agreement, such that all of the Committed Reserves remain dedicated to this Agreement for the term hereof. The dedication of Committed Reserves provided for herein shall be a covenant running with the land and burdening the Subject Leases.

4.2 Shipper's Reservations. Shipper hereby expressly reserves the following rights and reasonable quantities of Gas to satisfy same ("Shipper's Reservations"):

- (a) The right to use Gas, as a reasonably prudent operator, prior to delivery to Gatherer for the following purposes:

- (1) For fuel used above ground in the development and operation of the Committed Reserves; and
 - (2) For delivery to the "lessor" from whom the Subject Leases were obtained that Gas which such lessors are entitled to receive in kind from the Committed Reserves under the terms of the Subject Leases; and
 - (3) For fuel used in the operation of the facilities which Shipper may install in order to deliver Gas hereunder in accordance with the terms hereof.
- (b) The right to pool or unitize the Subject Leases (or any portion thereof) with other lands and leases. In the event of pooling or unitization, this Agreement will cover Shipper's interest in the pool or unit and the Gas attributable thereto.
- (c) The right to separate the Gas using only mechanical, ambient temperature equipment located at surface production facilities on the Subject Leases.

ARTICLE V RECEIPT AND DELIVERY POINT(S)

5.1 Receipt Point(s). Shipper shall deliver Gas tendered pursuant to this Agreement as set forth on the Individual Transaction Confirmation and at any other mutually agreeable receipt point (the "Receipt Point(s)"). Unless otherwise specified, Shipper shall deliver Gas at a pressure not to exceed the pressure set forth in the Individual Transaction Confirmation.

5.2 Delivery Point(s). Subject to Section 2.3, Gatherer shall redeliver to Shipper Gas tendered pursuant to this Agreement as set forth on the Individual Transaction Confirmation or at any other mutually agreeable delivery point (each a "Delivery Point(s)").

ARTICLE VI QUANTITY

6.1 During the term of this Agreement, Gatherer shall have the right to take and receive one hundred percent (100%) of Shipper's Daily Deliverability of Gas.

6.2 Gatherer agrees to take and Shipper agrees to deliver Gas hereunder in accordance with all applicable Laws including, but not limited to, the rules promulgated by any duly constituted state or federal governmental authority, regulatory body or commission having jurisdiction or control over the Parties, its respective facilities or Gas supply, this Agreement, the gathering of Gas and/or the provision of services hereunder, or any of the provisions hereof (the "Commission") governing the determination of Gas market demand and procedures for the establishment and allocation of allowables and for ratable nominations and takes of Gas from the Committed Reserves. The Parties expressly recognize that Gatherer's obligations to take Gas pursuant to the Commission rules or otherwise shall be subject to the ability of Gatherer's facilities to accommodate all Gas connected thereto, and any other valid reason such as Force

Majeure, whether or not of a kind specifically enumerated herein. In the event such Laws are no longer applicable to Gatherer's takes of Gas under this Agreement, Gatherer agrees to take and receive Shipper's Gas on a ratable basis with other Gas Gatherer takes and receives from the same Commission recognized field. In the event Gatherer's status as a gathering pipeline is impacted, altered, or threatened in any way, by virtue of any change in statutes, regulations, or other applicable law of any kind, then Gatherer reserves the right to terminate all services hereunder and all Individual Transaction Confirmations, all effective on the Day before any such change in statutes, regulations, or other applicable law.

6.3 Subject to the terms, conditions and limitations contained herein and in the ITC, Shipper agrees to deliver, or cause to be delivered, to the Receipt Point(s), and Gatherer agrees to accept, or cause to be accepted, on a Firm basis those daily quantities of Shipper's Gas as set forth in any Individual Transaction Confirmation, and scheduled in accordance with this Section 6. However, in no event shall Shipper tender volumes of Gas for gathering services hereunder on any Day in excess of the MDQ or the Scheduled Quantity (defined in Section 6.4). Subject to the terms, conditions and limitations contained herein, Shipper agrees to accept, or cause to be accepted, at the Delivery Point(s), and Gatherer agrees to gather and redeliver, or cause to be gathered and redelivered, on a Firm basis the Scheduled Quantity. The Scheduled Quantity at the Delivery Point(s) shall be a quantity of Gas equal to the remainder of the Scheduled Quantity at the Receipt Point(s) less FL&U. The maximum quantity of Gas that Gatherer is obligated to receive hereunder at the Receipt Point(s) and deliver hereunder at the Delivery Point(s) during any given hour of any Day is 1/24 of Shipper's Scheduled Quantity at an instantaneous standard volumetric flow rate at any point in time during the hour. Any variation in MDQ, flow rate, or the Scheduled Quantity will be confirmed in writing via fax or email by Gatherer, with an acknowledgment returned to Gatherer by Shipper.

6.4 Scheduling of receipts and deliveries of Gas between the Receipt Point(s) and Delivery Point(s) shall be in accordance with the Gatherer's nomination and scheduling procedures and with the nomination and scheduling procedures of the Downstream Gatherer. Shipper shall submit Nominations (defined below) for the gathering of Gas hereunder to Gatherer in writing, facsimile or by email. No later than three (3) Business Days prior to the end of each Month, Shipper shall provide to Gatherer in writing, the quantity of Gas in MMBtu Shipper expects to make available and deliver at each Receipt Point and receive at each Delivery Point hereunder each Day of the following Month (the "Nomination"). Should Shipper desire to change the Nomination during such Month, such change to the Nomination shall be in accordance with the nomination procedures of the downstream pipeline. Gas shall be delivered by Gatherer in accordance with confirmation by the downstream pipeline of the Nomination and/or changes to the Nomination (the "Scheduled Quantity").

6.5 Any variance between the volume of Gas delivered at the Delivery Point(s) for Shipper's account and the volume of Gas received at the Receipt Point(s) (less any FL&U and, if applicable, Shrink) the "Imbalance" will be recorded in a Gas Imbalance Account. If the absolute volume in the Gas Imbalance Account is greater than a plus or minus MMBtu tolerance specified in any Individual Transaction Confirmation ("Cumulative Operational Imbalance Tolerance"), then, at Gatherer's election, Shipper shall pay Gatherer an amount equal to a dollar

value specified in each Individual Transaction Confirmation multiplied by the quantity in the Gas Imbalance Account exceeding the Cumulative Operational Imbalance Tolerance for each and every Day such event occurs, ("Cumulative Operational Imbalance Fee"). Any physical flow adjustments will be made as agreed to by Gatherer (which shall be confirmed in writing via fax or email by Gatherer, with an acknowledgment to be returned to Gatherer by Shipper) to adequately control imbalance levels. The daily and cumulative Imbalance(s) will be determined at the end of each Gas Day. Gatherer may assist Shipper in managing the Imbalance and may, at any time and from time to time, request that Shipper change its Nominations at the Delivery Point(s) or, with notice to Shipper, restrict, interrupt, or reduce its receipts or deliveries of Gas at the Receipt Point(s) or Delivery Point(s), and direct Shipper to make adjustments in its receipts or deliveries, in order to maintain a daily, hourly and monthly balance or to correct an Imbalance. If Shipper fails or refuses to follow any such request from Gatherer, Gatherer may, without liability hereunder, cease accepting or delivering Gas under this Agreement until the conditions causing the Imbalance are corrected. Notwithstanding the foregoing, in the event that Gatherer is assessed a cash out penalty by the Downstream Gatherer, which is attributable to Shipper, Shipper shall reimburse Gatherer for the actual amount of such cash out penalty and any associated fees.

6.6 It is recognized that in order for Gatherer to efficiently and safely operate its Gathering System, it is essential that Gas received into such Gathering System be made available to Gatherer under as uniform operating conditions as possible. Commensurate with good production and operating practices, and in accordance with proper conservation measures, Shipper agrees to deliver Gas to Gatherer at such rates of flow as Gatherer, in the sole exercise of its reasonable judgment, may from time to time request. Gatherer may, at any time, with reasonable notice to Shipper, interrupt or reduce, in whole or in part, its receipt, gathering of Gas and/or the provision of other services hereunder or delivery of Shipper's Gas for any reason including, but not limited to, temporarily insufficient Firm capacity, operational factors, Force Majeure, delay in capacity expansion, and deliveries to any other shipper or third party, all without incurring any liability of any kind to Shipper or to others. Shipper understands that, by virtue of this Agreement and the fees provided for herein, Gatherer shall have no obligation to provide back-up or standby Gas supplies or service to Shipper or to Shipper's suppliers, customers, or end users. Shipper shall be responsible for, and shall bear the risk and cost of, maintaining any needed standby gathering or service facilities or alternate energy sources for use in the event of interruption of or reduction in the gathering of Gas and/or the provision of other services hereunder by Gatherer.

6.7 In the event any of Gatherer's facilities are of insufficient capacity to take all of the Gas connected thereto, Gatherer shall be obligated only to take Gas ratably from all Committed Reserves and/or wells delivering into such facilities on a Firm basis after curtailing Interruptible services; provided, however, in the event Gatherer has not remedied such insufficient capacity within sixty (60) Days after a written request therefor from Shipper, Gatherer shall, at Shipper's option and upon Shipper's request and only for the period that Gatherer is unable to take all of such Gas, temporarily release that part of Shipper's Gas affected by such insufficient capacity in Gatherer's facilities; provided, however, upon thirty (30) Days prior written notice from Gatherer to Shipper that Gatherer has sufficient capacity to take all or a

portion of such temporarily released Gas, Shipper shall resume deliveries of all such Gas Gatherer is then able to receive, beginning on the first Day of the next Month following such thirty (30) Day notice.

6.8 Shipper shall from time to time, at Gatherer's request, make available to Gatherer data possessed by or available to Shipper that may be needed for study by Gatherer of Shipper's existing or potential Gas production from the Committed Reserves and/or Shipper's Daily Deliverability of Gas. Gatherer shall have the right from time to time to require a determination of Shipper's Daily Deliverability of Gas, but in no event more than bi-annually.

ARTICLE VII QUALITY

7.1 All Gas tendered by Shipper for Gathering at the Receipt Point(s) shall be merchantable Gas, and, unless expressly waived in writing by Gatherer, shall conform to all of the most stringent quality specifications of any Downstream Gatherer(s); however, in no event shall the Gas quality exceed the specifications set forth below.

(a) At a base pressure of fourteen and sixty-five hundredths (14.65) p.s.i.a. and a base temperature of sixty degrees Fahrenheit (60° F), such Gas shall not contain any oxygen, nor more than:

- (1) One quarter (1/4) grain of hydrogen sulfide per one hundred (100) cubic feet; (2) Two (2) grains of total sulfur per one hundred (100) cubic feet;
- (3) One quarter (1/4) grain of mercaptans per one hundred (100) cubic feet;
- (4) Two percent (2%) by volume of carbon dioxide; and
- (5) One percent (1%) by volume of nitrogen, nor three percent (3%) by volume of total inert gases.

(b) Such Gas shall be commercial in quality and shall be free from any foreign material such as solids, sand, dirt, dust, gums, crude oil, iron particles, and other objectionable substances which may be injurious to pipelines or which may interfere with its transportation, measurement or commercial utilization.

(c) At a base pressure of fourteen and sixty-five hundredths (14.65) p.s.i.a., the gross dry heating value of such Gas shall not be less than nine hundred fifty (950) Btu's per cubic foot, nor more than one thousand and fifty (1050) Btu's per cubic foot.

(d) The temperature of such Gas shall not be less than forty degrees Fahrenheit (40° F) nor exceed one hundred twenty degrees Fahrenheit (120° F).

- (e) Not contain more the seven (7) pounds of water vapor per one million (1,000,000) standard cubic feet.

Shipper agrees to indemnify, defend and hold Gatherer harmless from and against any and all suits, actions, damages, costs, Losses and expenses (including reasonable attorneys' fees, costs of court, and related expenses) sustained by Gatherer relative to any breach by Shipper of the covenant herein expressed. SHIPPER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS GATHERER FROM ANY AND ALL LOSSES, INCLUDING PUNITIVE, EXEMPLARY, TREBLE, INCIDENTAL, CONSEQUENTIAL AND INDIRECT DAMAGES, ARISING FROM OR OUT OF SHIPPER'S GAS NOT MEETING THE QUALITY SPECIFICATIONS PROVIDED OR REFERENCED HEREIN, INCLUDING, BUT NOT LIMITED TO (I) NEGLIGENCE OF GATHERER, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE; (II) STRICT PRODUCTS LIABILITY; (III) STRICT LIABILITY; OR (IV) ANY OTHER CAUSE OF ACTION CURRENTLY RECOGNIZED UNDER TEXAS LAW.

7.2 Gas Sampling. Shipper shall have the right to witness all sampling of the Gas delivered hereunder, and to inspect any equipment used in determining the nature or quality of the Gas. Upon request by Shipper, Gatherer shall make a reasonable effort to notify Shipper in advance of any such Gas sampling, so that Shipper or its representative may be present. Shipper shall have the right to take duplicate samples or conduct simultaneous tests, and if a difference is noted, Shipper may request a sample be taken and analyzed by an independent third party with such third party's results being used for this Agreement, such sampling or tests to be at Shipper's cost and expense.

7.3 Non-Conformance. Should Gas tendered by Shipper fail at any time to conform to the Quality Specifications set forth in this Article VII, except as otherwise permitted as set forth in an applicable Individual Transaction Confirmation and as set forth in Sections 3.4, 3.5 and 3.6, Gatherer may in its discretion refuse to accept such non-conforming Gas ("Non-Specification Gas"). Shipper shall have the right to conform the Non-Specification Gas to meet the Quality Specifications. If Shipper does not elect to or cannot conform the Gas to Quality Specifications, then Gatherer may accept Non Specification Gas tendered by Shipper hereunder and condition and/or treat and/or dehydrate such Non Specification Gas to conform to the Quality Specifications, and charge Shipper a fee for such services. Except as otherwise contemplated in an applicable Individual Transaction Confirmation, in the event Shipper delivers Non-Specification Gas to Gatherer, Shipper shall indemnify and hold Gatherer harmless with respect to any Loss caused Gatherer thereby. The continued acceptance of any Non-Specification Gas by Gatherer hereunder shall not constitute a waiver by Gatherer of any Quality Specifications for any future deliveries, but shall constitute recognition by Shipper of Gatherer's ongoing right at any time without further notification to (a) reject all of such Gas; or (b) accept all of such Gas; or (c) accept any quantity of such Gas and reject the remaining Non-Specification Gas, and shall satisfy all of Gatherer's obligations to take and receive Gas hereunder. If neither Party elects to take the actions required to make such Non-Specification Gas conform to the Quality Specifications, and Gatherer continues to refuse to accept Non-Specification Gas, Gatherer shall have the right upon thirty (30) Days prior written notice to

Shipper, to temporarily release from this Agreement, all (but only that) Non-Specification Gas that Gatherer refuses to accept. Notwithstanding the foregoing, in the event following such release, Shipper or Gatherer takes the actions required to make such Non-Specification Gas conform to the Quality Specifications, then such previously released Gas will no longer be released and will be subject to the terms of this Agreement.

7.4 Shipper shall not introduce corrosion inhibitors, chemicals, antifreeze agents or other materials containing constituents harmful or injurious to Gatherer's operations into Gas delivered hereunder. Gas delivered hereunder shall not contain any substance that is a hazardous or toxic waste or contaminant under applicable Laws.

ARTICLE VIII MEASUREMENT

8.1 For the purposes of this Agreement, the Party metering the Gas, or whose designee meters the Gas, at a particular Receipt Point(s) or Delivery Point(s) is referred to as "Gatherer" and the other Party is referred to as "Shipper."

The measuring facilities shall be designed, installed, operated, and maintained by Gatherer or its designee in accordance with the following standards:

- (a) Orifice Measurement - American Gas Association Report Number 3, dated 2000 or the most recent edition as agreed to by all Parties (herein referred to as AGA 3).
- (b) Turbine Measurement - American Gas Association Report Number 7, dated 1996 or the most recent edition as agreed to by all Parties (herein referred to as AGA 7).
- (c) Positive Measurement - American National Standards Institute B109.2, dated 2000 or the most recent edition as agreed to by all Parties (herein referred to as ANSI B109.2).
- (d) Ultrasonic Measurement - American Gas Association Report Number 9, dated 2003 or the most recent edition as agreed to by all Parties (herein referred to as AGA 9).

8.2 Shipper may, at its option and expense, install and operate meters, instruments and equipment, in a manner that will not interfere with Gatherer's equipment, to check Gatherer's meters, instruments, and equipment, but the measurement for the custody transfer of Gas for the purpose of this Agreement will be by Gatherer's meter only, except as hereinafter specifically provided. The meters, check meters, instruments, and equipment installed by each Party will be subject at all reasonable times to inspection or examination by the other Party, but the calibration and adjustment thereof will be done only by the installing Party. If the Gatherer institutes a new method or technique of Gas Measurement, approved by regulatory authority, such as electronic gas measurement (EGM), Gatherer may substitute such new method or technique.

8.3 All meters will be calibrated and or proven on a mutually agreed schedule, ensuring that the meter calibration or proving frequency is in compliance with regulatory requirements. Notification of scheduled calibrations shall be made to all interested parties and reasonable effort will be made to accommodate each Party's schedule; however, calibration will proceed at the scheduled time regardless of attendees. Records from all measuring equipment are the property of Gatherer who will keep all such records on file for a period of not less than two (2) years. Upon request, Gatherer will make available to Shipper volume records from the measuring equipment, together with calculations therefrom, for inspection and verification, subject to return within thirty (30) Days after receipt thereof by Shipper.

8.4 Either Party shall have the right to conduct such pulsation tests as they deem prudent, at the testing Party's sole risk and expense. If excessive pulsation is evident, mutually agreed modifications to operation or facility design will be made to reduce the effect of such pulsation.

8.5 If the percentage of inaccuracy from the results of any test is greater than one percent (1%), the registration of such meter shall be corrected at the rate of such inaccuracy for any period which is definitely known or agreed upon. In the event the period is not definitely known or agreed upon, such correction shall be for a period extending back one-half (1/2) of the time elapsed since the date of the last calibration. Following any test, measurement equipment found inaccurate shall be immediately restored by Gatherer as closely as possible to a condition of accuracy. If any measurement equipment is out of service or out of repair for any reason so that the amount of Gas delivered cannot be estimated or computed from the reading thereof, the amount of Gas delivered through such meter during the period such meter is out of service or out of repair shall be estimated and agreed upon by Gatherer and Shipper upon the basis of the best data available using the first of the following methods which is feasible:

- (a) by using the registration of any check meters if installed and accurately registering;
- (b) by correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation; or
- (c) by estimating the quantity of deliveries by comparison with deliveries during preceding periods under similar conditions when the meter was known to be registering accurately.

8.6 Measurement Volume Computations

(a) The unit of volume of Gas shall be one (1) standard cubic foot at a base pressure of fourteen and sixty-five hundredths pounds per square inch absolute (14.65 p.s.i.a.) and at a base temperature of sixty degrees Fahrenheit (60°F). The energy content may be recalculated, if the water vapor of the Gas is determined to be greater than seven (7) pounds of water vapor per one million (1,000,000) standard cubic feet, by adjusting the measured volume to correct for the volume of water vapor assuming saturation at the

temperature and pressure of measurement and multiplying the corrected volume by the gross dry heating value.

(b) Atmospheric pressure shall be assumed to be the pressure value as reasonably determined by Gatherer for each Receipt Point(s) and Delivery Point(s) location pursuant to generally accepted practices.

(c) All metered volumes shall be computed in accordance with the standards set forth in Section 8.1 above.

8.7 Records of calibration and or proving and data associated with the volume calculation are the property of Gatherer who will keep all such records and data on file for a period of not less than two (2) years. Upon request, Gatherer will make available to Shipper records of calibration and or testing and data associated with the volume calculation, subject to return within thirty (30) Days after receipt thereof by Shipper.

8.8 Gatherer shall sample and determine the gross heating value, relative density and compressibility at the Receipt Point(s) or Delivery Point(s) utilizing the following standards:

(a) Gas Processors Association (GPA) 2166 - Obtaining Natural Gas Samples for Analysis by Gas.

(b) Gas Processors Association (GPA) 2261 - Analysis for Natural Gas and Similar Gaseous Mixtures by Gas Chromatography.

(c) Gas Processors Association (GPA) 2145 - Physical Constants for Paraffin Hydrocarbons and Other Components of Natural Gas.

(d) Gas Processors Association (GPA) 2172 – Calculation of Gross Heating Value, Relative Density, and Compressibility of Natural Gas Mixtures from Compositional Analysis.

(e) American Gas Association Report Number 8 – Compressibility Factors of Natural Gas and Other Related Hydrocarbon Gases.

8.9 Gatherer shall sample the flowing Gas stream utilizing one of the following methods:

(a) On-line Chromatography.

(b) Accumulated Sample – If this method is utilized the application of gas quality in the volume calculation will be during the time period the Gas sample was accumulated.

(c) Spot Sample – If this method is utilized the application of Gas quality in the volume calculation will be the time period beginning on the date the sample was obtained until the next sample is obtained.

ARTICLE IX BILLING

9.1 Gatherer's Statement. Gatherer shall render a statement to Shipper on or about the last Day of each Month setting forth the amount due Gatherer for all fees incurred by Shipper for the gathering of Gas and other services performed hereunder by Gatherer during the preceding Month. If actual Gas quantities are not available, Gatherer may utilize a reasonable, good faith, estimated quantity based upon quantities received and gathered by Gatherer during the preceding Month. As soon as the actual quantity becomes available, the estimate shall be adjusted and the adjustment shall be reflected in the subsequent Month's statement. In the event such quantities are estimated for any period, corrected statements shall be rendered by Gatherer to Shipper and paid by Shipper or refunded or credited by Gatherer, as the case may be, in each instance in which the actual quantity received or delivered hereunder with respect to a Month shall be determined to be at variance with the estimated quantity theretofore made the basis of billing and payment hereunder.

9.2 Payment. The Party with a balance due to the other Party shall pay such other Party the amount due in the form of immediately available federal funds by wire or electronic fund transfer to the bank account specified on the statement, or any other mutually agreed upon method, on or before tenth (10th) Day following the rendition of the statement described in Section 9.1 hereof. Payments due on a Saturday or a bank holiday shall be made on the preceding Business Day unless such holiday is Monday, in which case payment shall be made on the following Business Day; payments due on Sunday shall be made on the next Business Day. The paying Party must tender a timely payment even if the statement includes an estimated receipt or delivery volume. Any payment shall not prejudice the right of the paying Party to an adjustment of any statement to which it has taken written exception, provided that such Party's exception shall have been made within the time period set forth in Section 19.16 herein. If the paying Party fails to pay any statement in whole or in part when due, in addition to any other rights or remedies available to the Party to whom payment is due, interest at the Stated Rate shall accrue on all unpaid amounts. Notwithstanding the foregoing, if a legitimate good faith dispute arises between Shipper and Gatherer concerning a statement, the paying Party shall pay that portion of the statement not in dispute on or before such due date, and upon the ultimate determination of the disputed portion of the statement, the paying Party shall pay the remaining amount owed, if any, plus the interest accrued thereon at the Stated Rate from the due date. Any amounts refunded to a paying Party following resolution of any billing dispute shall accrue interest at the Stated Rate from the date of initial payment to the date of refund.

**ARTICLE X
WARRANTY**

10.1 Shipper's Warranty. Shipper hereby represents and warrants that it has good and marketable title to, and full legal right and authority to deliver to Gatherer for gathering and/or other services as applicable hereunder, all Gas tendered by Shipper at the Receipt Point(s). Shipper represents and warrants that such Gas shall, at the Receipt Point(s), be free and clear of any and all claims, royalties, liens, encumbrances, and applicable Taxes that are imposed upon production of such Gas and all other components of such Gas and/or upon removal of liquid hydrocarbons, and SHIPPER AGREES TO RELEASE, PROTECT, DEFEND, INDEMNIFY AND HOLD HARMLESS Gatherer from and against all Losses incurred by Gatherer on account of any such liens, encumbrances and claims.

10.2 Gatherer's Warranty. Gatherer hereby represents and warrants that it has the full legal right and authority to gather (and/or provide services as applicable) for Shipper, all Gas tendered by Shipper at the Receipt Point(s) pursuant to this Agreement. Gatherer represents and warrants that such Gas from the time of receipt at the Receipt Point(s) to the time of delivery at the Delivery Point(s) shall be free and clear of all liens, encumbrances and claims whatsoever, and GATHERER AGREES TO RELEASE, PROTECT, DEFEND, INDEMNIFY AND HOLD HARMLESS Shipper from and against all Losses incurred by Shipper on account of any such liens, encumbrances and claims.

**ARTICLE XI
POSSESSION OF GAS**

11.1 Party in Possession. As between Parties hereto, Shipper shall control and possess the Gas affected by this Agreement at all times prior to and until delivery to Gatherer at the Receipt Point(s) and after redelivery by Gatherer to Shipper at the Delivery Point(s). Gatherer shall control and possess the Gas affected by this Agreement at all times after delivery thereof by Shipper to Gatherer at the Receipt Point(s) and until redelivery by Gatherer to Shipper at the Delivery Point(s).

11.2 Responsibility and Liability. Except as otherwise set forth herein, the Party in control and possession of the Gas affected by this Agreement shall be responsible and pay for any and all Losses caused thereby and occurring while the Gas is in the possession and control of such Party.

**ARTICLE XII
TAXES AND ROYALTIES**

12.1 Shipper Taxes and Royalties. Shipper shall be responsible for all applicable Taxes, New Taxes and royalties of whatever kind on or with respect to the production, delivery and gathering of Gas and/or provision of services hereunder. Shipper shall indemnify, reimburse, defend and hold harmless Gatherer from and against any and all claims or Losses attributable to such Taxes, New Taxes and royalties.

ARTICLE XIII REMEDIES/LIABILITY

13.1 Remedies. To the extent not limited or waived herein, with particularity in this Article XIII, each Party reserves to itself all rights, set-offs, counterclaims and other remedies and defenses to which such Party may be entitled arising from this Agreement. All payment obligations hereunder may be offset against each other or recouped. Shipper grants to Gatherer the additional right to offset any amounts which are due and owing by Gatherer or any Affiliate of Gatherer to Shipper under any other agreement of any type whatsoever, including risk management agreements, against any amounts owed by Shipper to Gatherer under this Agreement.

13.2 LIMITATION OF LIABILITY. **FOR BREACH OF ANY PROVISION FOR WHICH EXPRESS, SPECIFIC REMEDIES OR MEASURES OF DAMAGES ARE PROVIDED, SUCH REMEDIES OR DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDIES, THE OBLIGOR'S LIABILITY SHALL BE SO LIMITED, AND ALL OTHER REMEDIES OR DAMAGES IN LAW OR EQUITY ARE WAIVED, INCLUDING THOSE ATTRIBUTABLE TO THE SOLE, JOINT OR CONCURRENT NEGLIGENCE OF OBLIGOR AND IRRESPECTIVE WHETHER THE CLAIM IS BASED ON CONTRACT, TORT, EQUITY OR OTHERWISE. IF NO REMEDY OR MEASURE OF DAMAGES IS PROVIDED AND UNLESS OTHERWISE HEREIN STATED, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES, SUCH DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES IN LAW OR EQUITY ARE WAIVED; PROVIDED, GATHERER SHALL HAVE THE RIGHT TO SPECIFICALLY ENFORCE SHIPPER'S EXCLUSIVE COMMITMENT OF THE COMMITTED RESERVES SET FORTH IN SECTION 4.1. UNLESS OTHERWISE STATED HEREIN, NEITHER PARTY SHALL BE LIABLE FOR TREBLE, CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, IN TORT, CONTRACT, UNDER ANY INDEMNITY OR OTHERWISE. THE PARTIES NEGATE ANY OBLIGATION, EXPRESSED OR IMPLIED AT LAW, REQUIRING THE USE OF BEST EFFORTS TO SUPPLY, DELIVER, TAKE OR MARKET THE GAS.**

ARTICLE XIV CREDIT ASSURANCE

14.1 In the event Gatherer determines Shipper's credit to be unsatisfactory in Gatherer's sole opinion, at any time during the term of this Agreement, Gatherer may demand "Adequate Assurance of Performance" which shall mean sufficient security in a form, an amount and for the term reasonably specified by Gatherer. Shipper at its option may then provide one of the following forms of security:

- (a) Post an irrevocable standby letter of credit in a form and from a bank satisfactory to Gatherer ;
- (b) Provide a prepayment or a deposit;

14.2 If the credit of Shipper's guarantor is deemed to be satisfactory in Gatherer's sole opinion, the demand for Adequate Assurance of Performance can be satisfied with a guarantee issued on behalf of Shipper in a form, amount and tenor acceptable to Gatherer, but only for as long as the credit of Shipper's guarantor continues to be acceptable to Gatherer.

14.3 Should Shipper or its guarantor fail to provide Adequate Assurance of Performance within two (2) business Days after receipt of written demand for such assurance, then Gatherer shall have the right to suspend performance under this Agreement until such time as Shipper furnishes Adequate Assurance of Performance. If such assurance is not provided by Shipper within ten (10) Days from written demand, Gatherer may terminate this Agreement in addition to having any and all other remedies available hereunder, at law or in equity.

ARTICLE XV NOTICES

15.1 Notices. Any notice, request, demand, or statement provided for in this Agreement, or any notice which a Party may desire to give to the other, shall be in writing, and shall be delivered by letter, facsimile or other documentary form. Notice by facsimile or hand delivery shall be deemed to have been received by the close of the Business Day on which it is transmitted or hand delivered (unless transmitted or hand delivered after close, in which case it shall be deemed received at the close of the next Business Day) or such earlier time confirmed by the receiving Party:

Gatherer:	For Remittance: By Wire Transfer: ETC Texas Pipeline, Ltd. Wells Fargo Bank N.A. Acct. 2079900565328 Wire ABA # 121000248 ACH ABA # 053101561
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For Notices and Correspondence:
ETC Texas Pipeline, Ltd.
800 East Sonterra Blvd., Ste. 400
San Antonio, Texas 78258
Telephone (210) 403-7300
FAX (210) 403-7500

For Accounting Matters:
ETC Texas Pipeline, Ltd.
800 East Sonterra Blvd., Ste. 400
San Antonio, Texas 78258

Shipper:

For Notices and Scheduling:

For Invoices and Statements:

Such addresses and/or other contact information may from time to time be changed by mailing appropriate notice thereof to the other Party by certified or registered mail.

ARTICLE XVI FORCE MAJEURE

16.1 Suspension of Obligations. Unless expressly provided otherwise in this Agreement, neither Party shall be liable to the other Party for failure to perform any of its obligations under this Agreement, other than to make payments due (including any True-Up Payment), to the extent that and for the period during which such performance is hindered, delayed or prevented by Force Majeure. For purposes of this Agreement, "Force Majeure" shall mean causes, conditions, events or circumstances which are beyond the reasonable control of the Party claiming Force Majeure. Such causes, conditions, events and circumstances shall include, without limitation, acts of God, wars (declared or undeclared), insurrections, hostilities, strikes, lockouts, riots, floods, fires, storms, industrial disturbances, acts of the public enemy, acts of terrorism, sabotage, blockades, epidemics, landslides, lightning, earthquakes, washouts, arrests and restraints of rulers and peoples, civil disturbances, maintenance, integrity testing, explosions, breakage or accidents to machinery or lines of pipe, hydrate obstruction or blockages of any kind of lines of pipe, extraordinary operating conditions on Gatherer's or Shipper's facilities or on those of any Downstream Gatherer, Force Majeure events on any Downstream Gatherer, repairs or improvements to lines of pipe or related facilities, inability of either Party to obtain necessary machinery, materials, permits, or to obtain easements or rights-of-way, freezing of any well or delivery facility, and the act, order, rule or regulation of any court or governmental authority prohibiting a Party from discharging its obligations under this Agreement, and any other causes whether of the kind herein enumerated or otherwise, not reasonably within the control of the Party claiming suspension. Force Majeure does not include: mechanical failure or breakdown of electric generation plants, changes in market conditions or changes in demand for electricity at electric generation plants such as increases or decreases in electric generation that are required

by any agency or body having such authority, or failure of upstream transportation prior to delivery hereunder at the Receipt Point(s). Notwithstanding anything herein to the contrary, neither Party shall be entitled to the benefits of this Section 16.1 to the extent the event of Force Majeure is caused or affected by any or all of the following circumstances: (i) the Party claiming excuse failed to remedy the condition and to resume the performance of its covenants or obligations with reasonable dispatch; or (ii) economic hardship, to include, without limitation, Shipper's ability to sell its Gas at a higher or more advantageous price to a market not requiring the gathering or other services contracted for herein; or (iii) the loss of Shipper's market or Shipper's inability to use or resell Gas transported hereunder, or (iv) the loss or failure of Shipper's Gas supply (except for failure of mechanical equipment) or depletion of reserves, unless such loss or failure is a result of a Force Majeure event in upstream facilities from the Receipt Point on the Gathering System.

16.2 Notice. A Party which is unable, in whole or in part, to carry out its obligations under this Agreement due to Force Majeure shall give prompt written notice to that effect to the other Party stating with reasonable particularity the circumstances underlying such Force Majeure and the obligations such Party is unable to carry out.

16.3 Resolution. A Party claiming Force Majeure shall use commercially reasonable efforts to remove the cause, condition, event or circumstance of such Force Majeure, shall give prompt written notice to the other Party of the termination of such Force Majeure, and shall resume performance of any suspended obligation promptly after termination of such Force Majeure. The decision to settle a strike or labor disturbance is at the sole discretion of the Party claiming Force Majeure due to such strike or labor disturbance.

ARTICLE XVII TERM AND TERMINATION

17.1 Effective Date and Term. This Agreement shall govern any and all Transactions and shall be in effect for a term of five (5) year(s) from the Effective Date (the "Primary Term"). It shall then continue in effect from Month to Month thereafter, unless terminated by either Party upon thirty (30) Days prior written notice to the other Party prior to the end of the Primary Term or any subsequent Month; provided, this Agreement shall continue to apply to all Transactions then in effect until all Transactions are completed. All indemnity obligations, confidentiality obligations, payment obligations and audit rights shall survive the termination or expiration hereof.

In the event there is an Imbalance in the Gas Imbalance Account on the date of termination of this Agreement, the Imbalance will be cashed-out under the following terms.

If the Gas Imbalance Account is owed to Gatherer, Shipper shall pay Gatherer, per MMBtu of the Imbalance, at Gatherer's election, either: (a) one hundred ten percent (110%) of the average of the "Midpoint" prices stated in Gas Daily® (Platts, a division of The McGraw-Hill Companies, Inc.), or successor publication, in the column "Daily Price Survey" for all Days of the Month, for "Carthage Hub" (the "Monthly Average Gas Daily Price") for the Month in which

the Imbalance was created or (b) one hundred ten percent (110%) of the Monthly Average Gas Daily Price for the Month in which Gatherer sends the notification of payment owed for the Imbalance.

(a) If the Imbalance in the Gas Imbalance Account is owed to Shipper, Gatherer shall pay Shipper, per MMBtu of the Imbalance, at Gatherer's election, either (a) ninety percent (90%) of the Monthly Average Gas Daily Price for the Month in which the Imbalance occurred or (b) ninety percent (90%) of the Monthly Average Gas Daily Price for the Month in which payment is submitted per MMBtu.

(b) In the event that the Imbalance is greater than 10% of the total Monthly nominated volume, the percentages set forth in subsections "a" and "b" above will be changed from one hundred ten percent (110%) to one hundred twenty (120%) and from ninety percent (90%) to eighty percent (80%) respectively.

17.2 Termination. This Agreement may be terminated or canceled as follows and in no other manner:

(a) By either Gatherer or Shipper upon the occurrence of any Default or Event of Default if the terminating Party is not itself in Default (other than a Default which occurs because such Party is rightfully withholding performance in response to the other Party's Default);

(b) By the applicable Party pursuant to any provision of this Agreement expressly providing termination rights;

(c) By all of the Parties at any time upon mutual written agreement; or

(d) Upon the abandonment of the Gathering System.

17.3 Rights and Obligations Upon Termination. Termination or cancellation of this Agreement shall not relieve the Parties from any obligation accruing or accrued prior to the date of such termination. In the event that this Agreement terminates prior to all True-Up Payment(s) being made that are presently due Gatherer or will be due Gatherer in the future, then all such True-Up Payment(s) shall become immediately due and payable to Gatherer upon such termination. Upon termination of this Agreement, the Parties shall retain all other rights and remedies available at law or in equity.

ARTICLE XVIII REPRESENTATIONS AND WARRANTIES

18.1 Representations and Warranties. Each of Shipper and Gatherer represents and warrants to each other that on and as of the date hereof:

- (a) It is duly formed, validly existing and in good standing under the laws of its state of jurisdiction or formation, with power and authority to carry on the business in which it is engaged and to perform its respective obligations under this Agreement;
- (b) The execution and delivery of this Agreement by it have been duly authorized and approved by all requisite corporate, limited liability company, partnership or similar action;
- (c) It has all the requisite corporate, limited liability company, partnership or similar power and authority to enter into this Agreement and perform its obligations hereunder;
- (d) The execution and delivery of this Agreement does not, and consummation of the transactions contemplated herein will not, violate any of the provisions of organizational documents, any agreements pursuant to which it or its property is bound or, to its knowledge, any applicable Laws;
- (e) This Agreement is valid, binding and enforceable against it in accordance with its terms subject to bankruptcy, moratorium, insolvency and other Laws generally affecting creditors' rights and general principles of equity (whether applied in a proceeding in a court of law or equity); and
- (f) It is qualified to do business in the State(s) in which the Subject Leases, Receipt Point(s) and Delivery Point(s) are located.

ARTICLE XIX MISCELLANEOUS

19.1 Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous (oral or written) negotiations, proposals, agreements and understandings.

19.2 Modifications. No modifications of the terms and provisions of this Agreement shall be or become effective except by the execution by each of the Parties of a supplementary written agreement.

19.3 Waiver. No waiver by either Party of any one or more defaults by the other Party in performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

19.4 No Third Party Beneficiaries. This Agreement is for the sole and exclusive benefit of the Parties hereto. Except as expressly provided herein to the contrary, nothing herein is intended to benefit any other Person not a Party hereto, and no such Person shall have any legal or equitable right, remedy or claim under this Agreement.

19.5 Assignment. Except as otherwise set forth herein, this Agreement is binding upon the successors or assigns of either Gatherer or Shipper. Shipper shall not voluntarily or involuntarily, directly or indirectly, transfer or otherwise alienate any or all of its rights, title or interests under this Agreement to any other Person without the express prior written consent of Gatherer, which consent shall not be unreasonably delayed or withheld; provided, however, that either Party may (without seeking the consent of the other Party) transfer or otherwise alienate any of its rights, title or interests under this Agreement in connection with (i) a transfer to an Affiliate which remains an Affiliate and is deemed creditworthy by Gatherer or will provide Adequate Assurance of Performance to Gatherer pursuant to Article XIV if not, and (ii) the granting of a pledge, mortgage, hypothecation, lien or other security interest and any transfer pursuant to or in settlement of any terms of provisions of any agreement creating any such security interest. Unless otherwise agreed to in writing by the other Party, and except for transfers pursuant to (ii) above, both the transferor and the transferee shall be jointly and severally responsible and primarily liable for the full and timely performance of all covenants, agreements and other obligations, and the timely payment and discharge of all liabilities, costs and other expenses arising (directly or indirectly) pursuant to this Agreement. Intermediary transferees shall not be relieved of any obligations as a result of a subsequent transfer to another Person. Promptly upon transfer of all or any portion of its rights, title and interests in and to this Agreement, the transferor shall provide the other Party with a copy of such instrument. Any attempted transfer in violation of the terms of this Agreement of any rights, title and interests arising under this Agreement shall constitute a Default and be null and void and have no force or effect.

19.6 Confidentiality. The Parties agree that all information and data exchanged by them pursuant to or in connection with this Agreement shall be maintained in strict and absolute confidence for the term of this Agreement and one (1) year following its termination or cancellation except for disclosure (a) pursuant to the permitted sale, disposition or other transfer (directly or indirectly) of a Party's rights and interests in and to this Agreement, (b) to lenders, accountants and other representatives of the disclosing Party with a need to know such information, (c) in conjunction with a merger, consolidation, share exchange or other form of statutory reorganization involving a Party, (d) as required to make disclosure in compliance with any applicable Law or (e) to a Party's officers, directors and personnel, as necessary to carry out such Party's obligations under the Agreement, including those related to Shipper's operations with respect to the Committed Reserves.

19.7 Exhibits and Schedules. All exhibits, schedules and the like contained herein or attached hereto are integrally related to this Agreement and are hereby made a part of this Agreement for all purposes. Except as otherwise provided in Section 2.1 hereof, to the extent of any ambiguity, inconsistency or conflict between the body of this Agreement and any of the exhibits, schedules and the like attached hereto, the terms of the body of this Agreement shall prevail.

19.8 Choice of Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

The Parties shall submit all disputes arising from or relating to this Agreement, whether sounding in contract, tort or otherwise, including disputes relating to the negotiation or formation of this Agreement or any Transaction, to the District Courts of Harris County, Texas. Each Party waives any rights it may have to a trial by jury and waives all objections to the jurisdiction or venue of such courts.

19.9 Further Assurances. Subject to the terms and conditions set forth in this Agreement, each of the Parties agrees to use all reasonable efforts to take, or cause to be taken, all actions, and to do, or to cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement. In case, at any time after the execution of this Agreement, any further action is necessary or desirable to carry out its purpose, the proper officers or directors of the Parties shall take or cause to be taken all such necessary actions.

19.10 Survival. The representations, warranties, and indemnities given by the Parties shall survive this Agreement without regard to any action taken pursuant to this Agreement, including, without limitation, the execution of any documents affecting an interest in real property or any investigation made by the Party asserting the breach hereof.

19.11 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall be ineffective as to such jurisdiction, to the extent of such invalidity or unenforceability, without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any terms and provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, each provision shall be interpreted to be only as broad as is enforceable.

19.12 Terminology. Unless the context clearly requires otherwise, all personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Articles, sections and other titles or headings are for convenience only, shall neither limit nor amplify the provisions of the Agreement itself, and all references herein to articles, sections or subdivisions thereof shall refer to the corresponding article, section or subdivision thereof of this Agreement unless specific reference is made to such articles, sections or subdivisions of another document or instrument.

19.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, and all of which together shall constitute but one and the same instrument.

19.14 Compliance with Laws. This Agreement and the performance of the obligations contemplated herein are and shall be subject to all valid applicable Laws. The Parties shall act in accordance with each such Law. The Parties will cooperate with respect to compliance with all governmental authorizations, including obtaining and maintaining all necessary regulatory

authorizations or any reasonable exchange or provision of information needed for filing or reporting requirements.

19.15 Shipper's Agreement to Refrain from Certain Actions. Shipper agrees that it will not solely or directly take any action or commence or participate in support of any proceeding before any court or governmental authority seeking (a) to have the current jurisdictional status of the Gathering System changed or determined to be subject to the jurisdiction of any governmental authority, or (b) to challenge the lawfulness or reasonableness of the Gathering Fee(s) and/or other fees as set forth in Article III of this Agreement. Notwithstanding the foregoing, nothing herein will prevent Shipper from participating in proceedings or commenting on proposed changes in laws that are generic in nature.

19.16 Audit. Each Party shall have the right to examine and audit, at its own expense, at reasonable times during regular business hours and upon reasonable notice, all books, records and charts of the other Party to the extent necessary to verify the accuracy of any measurement and payment hereunder, and the related statements, computations, allocations and procedures provided for in the Agreement, for a period of two (2) years after the end of the calendar year in which such measurement, payment, statement, computation, allocation or procedure occurred; provided, however, that a formal audit of accounts shall not be made more often than every six (6) months. Any inaccuracy will be promptly corrected when discovered, but in no event later than six (6) months after such audit exceptions are received by the audited Party; provided, however, that neither Party shall have the right to contest any such measurement or payment, or the related statement, computation, allocation or procedure, if the matter is not called to the attention of the other Party in writing within two (2) years after (a) the date upon which such measurement was conducted or such payment was made, or (b) the related statement, computation, allocation or procedure containing the questioned inaccuracy was received by the contesting Party. Any of such items not contested with specificity in writing within such time period shall conclusively be deemed to be accurate.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed by their respective duly authorized representatives effective as of the Effective Date.

"GATHERER"

"SHIPPER"

ETC TEXAS PIPELINE, LTD.

By: LG PL, LLC, its general partner

By: _____
Printed Name: _____
Title: _____

By: _____
Printed Name: _____
Title: _____

EXHIBIT A
INDIVIDUAL TRANSACTION CONFIRMATION
TO
GATHERING AND NATURAL GAS SERVICES AGREEMENT
BETWEEN _____
AND
ETC TEXAS PIPELINE, LTD.
DATED _____

BASE AGREEMENT: Gathering and Natural Gas Services Agreement dated _____
Contract No.

INDIVIDUAL TRANSACTION NUMBER:

SHIPPER:

GATHERER: ETC TEXAS PIPELINE, LTD.

This Individual Transaction Confirmation constitutes part of and is subject to all of the terms and provisions of the Base Agreement (collectively, the "Agreement"). All capitalized terms not defined herein shall have the meaning ascribed to such terms in the Base Agreement.

TYPE OF SERVICE:

GATHERING SYSTEM: Asset Name

COMMITTED RESERVES: Shipper's Interest in the area set forth on Appendix 1 hereto.

QUANTITY: One hundred percent (100%) of Shipper's Daily Deliverability of Gas from the area set forth on Appendix "1" hereto. In no event shall Gatherer be obligated to receive or deliver quantities of Gas that exceed the physically available capacity of the Delivery Point(s), the Receipt Point(s), the downstream pipeline(s), or the Gathering System.

MDQ:

SRC:

TERM: This Individual Transaction Confirmation shall become effective on _____ and continue for a term of _____ years (the "Primary Term"), and thereafter continue in effect from Month to Month, until terminated by Shipper or Gatherer giving the other Party written notice thirty (30) days prior to the end of the Primary Term or any Month thereafter.

RECEIPT POINT(S):

DELIVERY POINT(S):

CONDENSATE: Gatherer will retain all Condensate that is collected as a liquid in Gatherer's Gathering System downstream of the Receipt Point(s).

FEES & THROUGHPUT COMMITMENT(S):

GATHERING FEE: \$_____per MMBtu

CONDITIONING FEE AND TREATING FEE: To be negotiated in the event Gas delivered by Shipper does not meet the quality specifications required by Downstream Gatherer

CUMULATIVE OPERATIONAL IMBALANCE TOLERANCE:

CUMULATIVE OPERATIONAL IMBALANCE FEE:

FEE ESCALATION: Beginning with the first year anniversary of the Individual Transaction Confirmation, and annually thereafter (the "Escalation Date"), the _____ Fee being charged under this Individual Transaction Confirmation increase by a percentage equal to the percentage of increase change between:

- (a) the seasonally unadjusted Consumer Price Index for All Urban Consumers (all items), U.S. city Average (1982-84 = 100), as published by the U.S. Department of Labor, Bureau of Labor Statistics ("CPI-U") for the month of December of the second year prior to the Escalation Date; and
- (b) the seasonally unadjusted CPI-U for the month of December immediately preceding the Escalation Date (the "CPI Adjustment").

For example, the CPI-U published for December 2000 was 174.0 and the CPI-U published for December 2001 was 176.7, resulting in a percentage change of 1.5% as of January 1, 2002.

FUEL: ___%

L&U: Prorata share

PRESSURE: Shipper will deliver Gas to Gatherer, at the Receipt Point(s), at pressures sufficient to enter Gatherer's Gathering System against the operating pressures maintained in the Gathering System from time to time at the Receipt Point(s), but such delivery pressures may not exceed Gatherer's MAOP at such point. Gatherer shall not have any obligation to alter its pipeline pressures, provide compression, or modify its pipeline operations.

ADMINISTRATIVE FEE: If applicable, pursuant to Section 3.8]

THROUGHPUT COMMITMENT(S):

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be executed in multiple originals effective and operative as of the date first hereinabove written.

"GATHERER"

"SHIPPER"

ETC TEXAS PIPELINE, LTD.

By LG PL, LLC, its general partner

By: _____
Printed _____
Name: _____
Title: _____

By: _____
Printed _____
Name: _____
Title: _____

APPENDIX 1
THE COMMITTED RESERVES