SAMPLE DOCUMENT
(For Discussion Purposes Only)

SCHEDULE M

(THIS SCHEDULE IS INCLUDED IF THE APPROPRIATE BOX ON THE COVER SHEET IS MARKED INDICATING A PARTY IS A GOVERNMENTAL ENTITY OR PUBLIC POWER SYSTEM)

A. The Parties agree to add the following definitions in Article One.

"Act" means _____.[1]

"Governmental Entity or Public Power System" means a municipality, county, governmental board, public power authority, public utility district, joint action agency, or other similar political subdivision or public entity of the United States, one or more States or territories or any combination thereof.

"Special Fund" means a fund or account of the Governmental Entity or Public Power System set aside and or pledged to satisfy the Public Power System's obligations hereunder out of which amounts shall be paid to satisfy all of the Public Power System's obligations under this Master Agreement for the entire Delivery Period.

B. The following sentence shall be added to the end of the definition of "Force Majeure" in Article One.

If the Claiming Party is a Governmental Entity or Public Power System, Force Majeure does not include any action taken by the Governmental Entity or Public Power System in its governmental capacity.

C. The Parties agree to add the following representations and warranties to Section 10.2:

Further and with respect to a Party that is a Governmental Entity or Public Power System, such Governmental Entity or Public Power System represents and warrants to the other Party continuing throughout the term of this Master Agreement, with respect to this Master Agreement and each Transaction, as follows: (i) all acts necessary to the valid execution, delivery and performance of this Master Agreement, including without

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[1] Cite the state enabling and other relevant statutes applicable to Governmental Entity or Public Power System.

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limitation, competitive bidding, public notice, election, referendum, prior appropriation or other required procedures has or will be taken and performed as required under the Act and the Public Power System's ordinances, bylaws or other regulations, (ii) all persons making up the governing body of Governmental Entity or Public Power System are the duly elected or appointed incumbents in their positions and hold such positions in good standing in accordance with the Act and other applicable law, (iii) entry into and performance of this Master Agreement by Governmental Entity or Public Power System are for a proper public purpose within the meaning of the Act and all other relevant constitutional, organic or other governing documents and applicable law, (iv) the term of this Master Agreement does not extend beyond any applicable limitation imposed by the Act or other relevant constitutional, organic or other governing documents and applicable law, (v) the Public Power System's obligations to make payments hereunder are unsubordinated obligations and such payments are (a) operating and maintenance costs (or similar designation) which enjoy first priority of payment at all times under any and all bond ordinances or indentures to which it is a party, the Act and all other relevant constitutional, organic or other governing documents and applicable law or (b) otherwise not subject to any prior claim under any and all bond ordinances or indentures to which it is a party, the Act and all other relevant constitutional, organic or other governing documents and applicable law and are available without limitation or deduction to satisfy all Governmental Entity or Public Power System' obligations hereunder and under each Transaction or (c) are to be made solely from a Special Fund, (vi) entry into and performance of this Master Agreement and each Transaction by the Governmental Entity or Public Power System will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any obligation of Governmental Entity or Public Power System otherwise entitled to such exclusion, and (vii) obligations to make payments hereunder do not constitute any kind of indebtedness of Governmental Entity or Public Power System or create any kind of lien on, or security interest in, any property or revenues of Governmental Entity or Public Power System which, in either case, is proscribed by any provision of the Act or any other relevant constitutional, organic or other governing documents and applicable law, any order or judgment of any court or other agency of government applicable to it or its assets, or any contractual restriction binding on or affecting it or any of its assets.

D. The Parties agree to add the following sections to Article Three:

Section 3.4 Public Power System's Deliveries. On the Effective Date and as a condition to the obligations of the other Party under this

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Agreement, Governmental Entity or Public Power System shall provide the other Party hereto (i) certified copies of all ordinances, resolutions, public notices and other documents evidencing the necessary authorizations with respect to the execution, delivery and performance by Governmental Entity or Public Power System of this Master Agreement and (ii) an opinion of counsel for Governmental Entity or Public Power System, in form and substance reasonably satisfactory to the Other Party, regarding the validity, binding effect and enforceability of this Master Agreement against Governmental Entity or Public Power System in respect of the Act and all other relevant constitutional organic or other governing documents and applicable law.

Section 3.5 No Immunity Claim. Governmental Entity or Public Power System warrants and covenants that with respect to its contractual obligations hereunder and performance thereof, it will not claim immunity on the grounds of sovereignty or similar grounds with respect to itself or its revenues or assets from (a) suit, (b) jurisdiction of court (including a court located outside the jurisdiction of its organization), (c) relief by way of injunction, order for specific performance or recovery of property, (d) attachment of assets, or (e) execution or enforcement of any judgment.

E. If the appropriate box is checked on the Cover Sheet, as an alternative to selecting one of the options under Section 8.3, the Parties agree to add the following section to Article Three:

Section 3.6 Governmental Entity or Public Power System Security. With respect to each Transaction, Governmental Entity or Public Power System shall either (i) have created and set aside a Special Fund or (ii) upon execution of this Master Agreement and prior to the commencement of each subsequent fiscal year of Governmental Entity or Public Power System during any Delivery Period, have obtained all necessary budgetary approvals and certifications for payment of all of its obligations under this Master Agreement for such fiscal year; any breach of this provision shall be deemed to have arisen during a fiscal period of Governmental Entity or Public Power System for which budgetary approval or certification of its obligations under this Master Agreement is in effect and, notwithstanding anything to the contrary in Article Four, an Early Termination Date shall automatically and without further notice occur hereunder as of such date wherein Governmental Entity or Public Power System shall be treated as the Defaulting Party. Governmental Entity or Public Power System shall have allocated to the Special Fund or its general funds a revenue base that is adequate to cover Public Power System's payment obligations hereunder throughout the entire Delivery Period.

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F. If the appropriate box is checked on the Cover Sheet, the Parties agree to add the following section to Article Eight:

> Section 8.4 Governmental Security. As security for payment and performance of Public Power System's obligations hereunder, Public Power System hereby pledges, sets over, assigns and grants to the other Party a security interest in all of Public Power System's right, title and interest in and to [specify collateral].

G. The Parties agree to add the following sentence at the end of Section 10.6 - Governing Law:

> NOTWITHSTANDING THE FOREGOING, IN RESPECT OF THE APPLICABILITY OF THE ACT AS HEREIN PROVIDED, THE LAWS OF THE STATE OF _____[2] SHALL APPLY.

[2] Insert relevant state for Governmental Entity or Public Power System.

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SCHEDULE P: PRODUCTS AND RELATED DEFINITIONS

"Ancillary Services" means any of the services identified by a Transmission Provider in its transmission tariff as "ancillary services" including, but not limited to, regulation and frequency response, energy imbalance, operating reserve-spinning and operating reserve-supplemental, as may be specified in the Transaction.

"Capacity" has the meaning specified in the Transaction.

"Energy" means three-phase, 60-cycle alternating current electric energy, expressed in megawatt hours.

"Firm (LD)" means, with respect to a Transaction, that either Party shall be relieved of its obligations to sell and deliver or purchase and receive without liability only to the extent that, and for the period during which, such performance is prevented by Force Majeure. In the absence of Force Majeure, the Party to which performance is owed shall be entitled to receive from the Party which failed to deliver/receive an amount determined pursuant to Article Four.

"Firm Transmission Contingent - Contract Path" means, with respect to a Transaction, that the performance of either Seller or Buyer (as specified in the Transaction) shall be excused, and no damages shall be payable including any amounts determined pursuant to Article Four, if the transmission for such Transaction is interrupted or curtailed and (i) such Party has provided for firm transmission with the transmission provider(s) for the Product in the case of the Seller from the generation source to the Delivery Point or in the case of the Buyer from the Delivery Point to the ultimate sink, and (ii) such interruption or curtailment is due to "force majeure" or "uncontrollable force" or a similar term as defined under the applicable transmission provider's tariff. This contingency shall excuse performance for the duration of the interruption or curtailment notwithstanding the provisions of the definition of "Force Majeure" in Section 1.23 to the contrary.

"Firm Transmission Contingent - Delivery Point" means, with respect to a Transaction, that the performance of either Seller or Buyer (as specified in the Transaction) shall be excused, and no damages shall be payable including any amounts determined pursuant to Article Four, if the transmission to the Delivery Point (in the case of Seller) or from the Delivery Point (in the case of Buyer) for such Transaction is interrupted or curtailed and (i) such Party has provided for firm transmission with the transmission provider(s) for the Product, in the case of the Seller, to be delivered to the Delivery Point or, in the case of Buyer, to be received at the Delivery Point and (ii) such interruption or curtailment is due to "force majeure" or "uncontrollable force" or a similar term as defined under the applicable transmission provider's tariff. This transmission contingency excuses performance for the duration of the interruption or curtailment, notwithstanding the provisions of the definition of "Force Majeure" in Section 1.23 to the contrary. Interruptions or curtailments of transmission other than the transmission either immediately to or from the Delivery Point shall not excuse performance

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"Firm (No Force Majeure)" means, with respect to a Transaction, that if either Party fails to perform its obligation to sell and deliver or purchase and receive the Product, the Party to which performance is owed shall be entitled to receive from the Party which failed to perform an amount determined pursuant to Article Four. Force Majeure shall not excuse performance of a Firm (No Force Majeure) Transaction.

"Into _____ (the "Receiving Transmission Provider"), Seller's Daily Choice" means that, in accordance with the provisions set forth below, (1) the Product shall be scheduled and delivered to an interconnection or interface ("Interface") either (a) on the Receiving Transmission Provider's transmission system border or (b) within the control area of the Receiving Transmission Provider if the Product is from a source of generation in that control area, which Interface, in either case, the Receiving Transmission Provider identifies as available for delivery of the Product in or into its control area; and (2) Seller has the right on a daily prescheduled basis to designate the Interface where the Product shall be delivered. An "Into" Product shall be subject to the following provisions:

1. Prescheduling and Notification. Subject to the provisions of Section 6, not later than the prescheduling deadline of 11:00 a.m. CPT on the Business Day before the next delivery day or as otherwise agreed to by Buyer and Seller, Seller shall notify Buyer ("Seller's Notification") of Seller's immediate upstream counterparty and the Interface (the "Designated Interface") where Seller shall deliver the Product for the next delivery day, and Buyer shall notify Seller of Buyer's immediate downstream counterparty.

2. Availability of "Firm Transmission" to Buyer at Designated Interface; "Timely Request for Transmission," "ADI" and "Available Transmission." In determining availability to Buyer of next-day firm transmission ("Firm Transmission") from the Designated Interface, a "Timely Request for Transmission" shall mean a properly completed request for Firm Transmission made by Buyer in accordance with the controlling tariff procedures, which request shall be submitted to the Receiving Transmission Provider no later than 30 minutes after delivery of Seller's Notification, provided, however, if the Receiving Transmission Provider is not accepting requests for Firm Transmission at the time of Seller's Notification, then such request by Buyer shall be made within 30 minutes of the time when the Receiving Transmission Provider first opens thereafter for purposes of accepting requests for Firm Transmission.

Pursuant to the terms hereof, delivery of the Product may under certain circumstances be redesignated to occur at an Interface other than the Designated Interface (any such alternate designated interface, an "ADI") either (a) on the Receiving Transmission Provider's transmission system border or (b) within the control area of the Receiving Transmission Provider if the Product is from a source of generation in that control area, which ADI, in either case, the Receiving Transmission Provider identifies as available for delivery of the Product in or into its control area using either firm or non-firm transmission, as available on a day-ahead or hourly basis (individually or collectively referred to as "Available Transmission") within the Receiving Transmission Provider's transmission system.

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3. Rights of Buyer and Seller Depending Upon Availability of/Timely Request for Firm Transmission.

A. Timely Request for Firm Transmission made by Buyer, Accepted by the Receiving Transmission Provider and Purchased by Buyer. If a Timely Request for Firm Transmission is made by Buyer and is accepted by the Receiving Transmission Provider and Buyer purchases such Firm Transmission, then Seller shall deliver and Buyer shall receive the Product at the Designated Interface.

i. If the Firm Transmission purchased by Buyer within the Receiving Transmission Provider's transmission system from the Designated Interface ceases to be available to Buyer for any reason, or if Seller is unable to deliver the Product at the Designated Interface for any reason except Buyer's non-performance, then at Seller's choice from among the following, Seller shall: (a) to the extent Firm Transmission is available to Buyer from an ADI on a day-ahead basis, require Buyer to purchase such Firm Transmission from such ADI, and schedule and deliver the affected portion of the Product to such ADI on the basis of Buyer's purchase of Firm Transmission, or (b) require Buyer to purchase non-firm transmission, and schedule and deliver the affected portion of the Product on the basis of Buyer's purchase of non-firm transmission from the Designated Interface or an ADI designated by Seller, or (c) to the extent firm transmission is available on an hourly basis, require Buyer to purchase firm transmission, and schedule and deliver the affected portion of the Product on the basis of Buyer's purchase of such hourly firm transmission from the Designated Interface or an ADI designated by Seller.

ii. If the Available Transmission utilized by Buyer as required by Seller pursuant to Section 3A(i) ceases to be available to Buyer for any reason, then Seller shall again have those alternatives stated in Section 3A(i) in order to satisfy its obligations.

iii. Seller's obligation to schedule and deliver the Product at an ADI is subject to Buyer's obligation referenced in Section 4B to cooperate reasonably therewith. If Buyer and Seller cannot complete the scheduling and/or delivery at an ADI, then Buyer shall be deemed to have satisfied its receipt obligations to Seller and Seller shall be deemed to have failed its delivery obligations to Buyer, and Seller shall be liable to Buyer for amounts determined pursuant to Article Four.

iv. In each instance in which Buyer and Seller must make alternative scheduling arrangements for delivery at the Designated Interface or an ADI pursuant to Sections 3A(i) or (ii), and Firm Transmission had been purchased by both Seller and Buyer into and within the Receiving Transmission Provider's transmission system as to the scheduled delivery which could not be completed as

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a result of the interruption or curtailment of such Firm Transmission, Buyer and Seller shall bear their respective transmission expenses and/or associated congestion charges incurred in connection with efforts to complete delivery by such alternative scheduling and delivery arrangements. In any instance except as set forth in the immediately preceding sentence, Buyer and Seller must make alternative scheduling arrangements for delivery at the Designated Interface or an ADI under Sections 3A(i) or (ii), Seller shall be responsible for any additional transmission purchases and/or associated congestion charges incurred by Buyer in connection with such alternative scheduling arrangements.

B. Timely Request for Firm Transmission Made by Buyer but Rejected by the Receiving Transmission Provider. If Buyer's Timely Request for Firm Transmission is rejected by the Receiving Transmission Provider because of unavailability of Firm Transmission from the Designated Interface, then Buyer shall notify Seller within 15 minutes after receipt of the Receiving Transmission Provider's notice of rejection ("Buyer's Rejection Notice"). If Buyer timely notifies Seller of such unavailability of Firm Transmission from the Designated Interface, then Seller shall be obligated either (1) to the extent Firm Transmission is available to Buyer from an ADI on a day-ahead basis, to require Buyer to purchase (at Buyer's own expense) such Firm Transmission from such ADI and schedule and deliver the Product to such ADI on the basis of Buyer's purchase of Firm Transmission, and thereafter the provisions in Section 3A shall apply, or (2) to require Buyer to purchase (at Buyer's own expense) non-firm transmission, and schedule and deliver the Product on the basis of Buyer's purchase of non-firm transmission from the Designated Interface or an ADI designated by the Seller, in which case Seller shall bear the risk of interruption or curtailment of the non-firm transmission; provided, however, that if the non-firm transmission is interrupted or curtailed or if Seller is unable to deliver the Product for any reason, Seller shall have the right to schedule and deliver the Product to another ADI in order to satisfy its delivery obligations, in which case Seller shall be responsible for any additional transmission purchases and/or associated congestion charges incurred by Buyer in connection with Seller's inability to deliver the Product as originally prescheduled. If Buyer fails to timely notify Seller of the unavailability of Firm Transmission, then Buyer shall bear the risk of interruption or curtailment of transmission from the Designated Interface, and the provisions of Section 3D shall apply.

C. Timely Request for Firm Transmission Made by Buyer, Accepted by the Receiving Transmission Provider and not Purchased by Buyer. If Buyer's Timely Request for Firm Transmission is accepted by the Receiving Transmission Provider but Buyer elects to purchase non-firm transmission rather than Firm Transmission to take delivery of the Product, then Buyer shall bear the risk of interruption or curtailment of transmission from the Designated Interface. In such circumstances, if Seller's delivery is interrupted as a result of transmission relied upon by Buyer from the Designated Interface, then Seller shall be deemed to have satisfied its delivery obligations to Buyer,

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Buyer shall be deemed to have failed to receive the Product and Buyer shall be liable to Seller for amounts determined pursuant to Article Four.

D. No Timely Request for Firm Transmission Made by Buyer, or Buyer Fails to Timely Send Buyer's Rejection Notice. If Buyer fails to make a Timely Request for Firm Transmission or Buyer fails to timely deliver Buyer's Rejection Notice, then Buyer shall bear the risk of interruption or curtailment of transmission from the Designated Interface. In such circumstances, if Seller's delivery is interrupted as a result of transmission relied upon by Buyer from the Designated Interface, then Seller shall be deemed to have satisfied its delivery obligations to Buyer, Buyer shall be deemed to have failed to receive the Product and Buyer shall be liable to Seller for amounts determined pursuant to Article Four.

4. Transmission.

A. Seller's Responsibilities. Seller shall be responsible for transmission required to deliver the Product to the Designated Interface or ADI, as the case may be. It is expressly agreed that Seller is not required to utilize Firm Transmission for its delivery obligations hereunder, and Seller shall bear the risk of utilizing non-firm transmission. If Seller's scheduled delivery to Buyer is interrupted as a result of Buyer's attempted transmission of the Product beyond the Receiving Transmission Provider's system border, then Seller will be deemed to have satisfied its delivery obligations to Buyer, Buyer shall be deemed to have failed to receive the Product and Buyer shall be liable to Seller for damages pursuant to Article Four.

B. Buyer's Responsibilities. Buyer shall be responsible for transmission required to receive and transmit the Product at and from the Designated Interface or ADI, as the case may be, and except as specifically provided in Section 3A and 3B, shall be responsible for any costs associated with transmission therefrom. If Seller is attempting to complete the designation of an ADI as a result of Seller's rights and obligations hereunder, Buyer shall co-operate reasonably with Seller in order to effect such alternate designation.

5. Force Majeure. An "Into" Product shall be subject to the "Force Majeure" provisions in Section 1.23.

6. Multiple Parties in Delivery Chain Involving a Designated Interface. Seller and Buyer recognize that there may be multiple parties involved in the delivery and receipt of the Product at the Designated Interface or ADI to the extent that (1) Seller may be purchasing the Product from a succession of other sellers ("Other Sellers"), the first of which Other Sellers shall be causing the Product to be generated from a source ("Source Seller") and/or (2) Buyer may be selling the Product to a succession of other buyers ("Other Buyers"), the last of which Other Buyers shall be using the Product to serve its energy needs ("Sink Buyer"). Seller and Buyer further recognize that in certain Transactions neither Seller nor Buyer may originate the decision as to either (a) the original identification of the Designated Interface or ADI (which designation

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may be made by the Source Seller) or (b) the Timely Request for Firm Transmission or the purchase of other Available Transmission (which request may be made by the Sink Buyer). Accordingly, Seller and Buyer agree as follows:

A. If Seller is not the Source Seller, then Seller shall notify Buyer of the Designated Interface promptly after Seller is notified thereof by the Other Seller with whom Seller has a contractual relationship, but in no event may such designation of the Designated Interface be later than the prescheduling deadline pertaining to the Transaction between Buyer and Seller pursuant to Section 1.

B. If Buyer is not the Sink Buyer, then Buyer shall notify the Other Buyer with whom Buyer has a contractual relationship of the Designated Interface promptly after Seller notifies Buyer thereof, with the intent being that the party bearing actual responsibility to secure transmission shall have up to 30 minutes after receipt of the Designated Interface to submit its Timely Request for Firm Transmission.

C. Seller and Buyer each agree that any other communications or actions required to be given or made in connection with this "Into Product" (including without limitation, information relating to an ADI) shall be made or taken promptly after receipt of the relevant information from the Other Sellers and Other Buyers, as the case may be.

D. Seller and Buyer each agree that in certain Transactions time is of the essence and it may be desirable to provide necessary information to Other Sellers and Other Buyers in order to complete the scheduling and delivery of the Product. Accordingly, Seller and Buyer agree that each has the right, but not the obligation, to provide information at its own risk to Other Sellers and Other Buyers, as the case may be, in order to effect the prescheduling, scheduling and delivery of the Product

"Native Load" means the demand imposed on an electric utility or an entity by the requirements of retail customers located within a franchised service territory that the electric utility or entity has statutory obligation to serve.

"Non-Firm" means, with respect to a Transaction, that delivery or receipt of the Product may be interrupted for any reason or for no reason, without liability on the part of either Party.

"System Firm" means that the Product will be supplied from the owned or controlled generation or pre-existing purchased power assets of the system specified in the Transaction (the "System") with non-firm transmission to and from the Delivery Point, unless a different Transmission Contingency is specified in a Transaction. Seller's failure to deliver shall be excused: (i) by an event or circumstance which prevents Seller from performing its obligations, which event or circumstance was not anticipated as of the date the Transaction was agreed to, which is not within the reasonable control of, or the result of the negligence of, the Seller; (ii) by Buyer's failure to perform; (iii) to the extent necessary to preserve the integrity of, or prevent or limit any instability on, the System; (iv) to the extent the System or the control area or reliability council within which the System operates declares an emergency condition, as determined in the

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system's, or the control area's, or reliability council's reasonable judgment; or (v) by the interruption or curtailment of transmission to the Delivery Point or by the occurrence of any Transmission Contingency specified in a Transaction as excusing Seller's performance. Buyer's failure to receive shall be excused (i) by Force Majeure; (ii) by Seller's failure to perform, or (iii) by the interruption or curtailment of transmission from the Delivery Point or by the occurrence of any Transmission Contingency specified in a Transaction as excusing Buyer's performance. In any of such events, neither party shall be liable to the other for any damages, including any amounts determined pursuant to Article Four.

"Transmission Contingent" means, with respect to a Transaction, that the performance of either Seller or Buyer (as specified in the Transaction) shall be excused, and no damages shall be payable including any amounts determined pursuant to Article Four, if the transmission for such Transaction is unavailable or interrupted or curtailed for any reason, at any time, anywhere from the Seller's proposed generating source to the Buyer's proposed ultimate sink, regardless of whether transmission, if any, that such Party is attempting to secure and/or has purchased for the Product is firm or non-firm. If the transmission (whether firm or non-firm) that Seller or Buyer is attempting to secure is from source to sink is unavailable, this contingency excuses performance for the entire Transaction. If the transmission (whether firm or non-firm) that Seller or Buyer has secured from source to sink is interrupted or curtailed for any reason, this contingency excuses performance for the duration of the interruption or curtailment notwithstanding the provisions of the definition of "Force Majeure" in Article 1.23 to the contrary.

"Unit Firm" means, with respect to a Transaction, that the Product subject to the Transaction is intended to be supplied from a generation asset or assets specified in the Transaction. Seller's failure to deliver under a "Unit Firm" Transaction shall be excused: (i) if the specified generation asset(s) are unavailable as a result of a Forced Outage (as defined in the NERC Generating Unit Availability Data System (GADS) Forced Outage reporting guidelines) or (ii) by an event or circumstance that affects the specified generation asset(s) so as to prevent Seller from performing its obligations, which event or circumstance was not anticipated as of the date the Transaction was agreed to, and which is not within the reasonable control of, or the result of the negligence of, the Seller or (iii) by Buyer's failure to perform. In any of such events, Seller shall not be liable to Buyer for any damages, including any amounts determined pursuant to Article Four.

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EXHIBIT A

MASTER POWER PURCHASE AND SALE AGREEMENT
CONFIRMATION LETTER

This confirmation letter shall confirm the Transaction agreed to on _____, 2000 between Enron Power Marketing, Inc. ("Party A") and _____ ("Party B") regarding the sale/purchase of the Product under the terms and conditions as follows:

Seller: _____

Buyer: _____

Product:

[] Into _____, Seller's Daily Choice

[] Firm (LD)

[] Firm (No Force Majeure)

[] System Firm

(Specify System: _____)

[] Unit Firm

(Specify Unit(s): _____)

[] Other _____

[] Transmission Contingency (If not marked, no transmission contingency)

[]	FT-Contract Path Contingency	[]	Seller	[]	Buyer
[]	FT-Delivery Point Contingency	[]	Seller	[]	Buyer
[]	Transmission Contingent	[]	Seller	[]	Buyer

[] Other transmission contingency

(Specify: _____)

Contract Quantity: _____

Delivery Point: _____

Contract Price:

Energy Price: _____

Other Charges: _____

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Delivery Period: _____

Special Conditions: _____

Scheduling: _____

Option Buyer: _____

Option Seller: _____

Type of Option: _____

Strike Price: _____

Premium: _____

Exercise Period: _____

This confirmation letter is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement dated _____, (the "Master Agreement") between Party A and Party B, and constitutes part of and is subject to the terms and provisions of such Master Agreement. Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement.

ENRON POWER MARKETING, INC.	**[PARTY B]**
Name: _____	Name: _____
Title: _____	Title: _____
Phone No: _____	Phone No: _____
Fax: _____	Fax: _____

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SAMPLE CONTRACT

THIS CONTRACT IS A SAMPLE FORM OF CONTRACT ONLY AND DOES NOT INCLUDE ALL PROVISIONS WHICH MAY BE NECESSARY TO IMPLEMENT ANY TRANSACTION. THIS SAMPLE CONTRACT IS PRESENTED FOR DISCUSSION PURPOSES ONLY.

THIS DOCUMENT MAY NOT BE EXECUTED FOR ANY PURPOSE.

ENFOLIO® MASTER FIRM PURCHASE/SALE AGREEMENT

II

_____, a _____ corporation ("Company"), and _____, a _____ _____ ("Customer"), referred to collectively as the "Parties," enter into this Master Firm Purchase/Sale Agreement (together with all Transactions, collectively, this "Agreement") effective as of the ___ Day of _____, ____ (the "Effective Date"). The ENFOLIO General Provisions set forth in Appendix "1" shall apply to this Agreement.

ARTICLE 1. TERM This Agreement shall govern all Transactions and be in effect for a term of one year from the Effective Date. It shall then continue in effect from Month to Month, unless terminated by either Party upon 30 Days prior written notice to the other Party; provided, this Agreement shall continue to apply to all Transactions then in effect until all Transactions are completed. Termination of this Agreement in all instances shall be subject to Section 8.4.

ARTICLE 2. SCOPE OF AGREEMENT **2.1. Scope of Agreement**. Company and Customer from time to time during the term hereof may, but are not obligated to, enter into Transactions for the firm purchase and sale of Gas 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. It is acknowledged that the Parties are relying upon the fact that all Transactions, together with this Agreement, will form a single integrated agreement and that the Parties would not otherwise enter into any Transactions. Each Transaction shall be construed as one with this Agreement and any discrepancy between this Agreement and a Transaction shall be resolved in favor of the Transaction. Each Transaction shall provide whether the Transaction is based upon DCQ quantity obligations or MinMQ or MinDQ and MaxDQ quantity obligations, in which case the applicable alternative definitions and provisions set forth in this Agreement shall apply.

2.2. Transaction Procedures. It is the intent of the Parties to facilitate Transactions in accordance with the agreed procedures in this Article 2 and assure that such Transactions are valid and enforceable as a result of the use of these procedures for the mutual benefit of the Parties. Any Transaction may be formed and effectuated (i) by a written paper-based Transaction Agreement executed by the Parties (including by facsimile and/or counterparts) or (ii) in a recorded telephone conversation between the Parties occurring on any Business Day during the Pricing Hours whereby an offer and acceptance shall constitute the agreement of the Parties to a Transaction as evidenced by the Transaction Tape; provided, each Party may stipulate by prior notice to the other Party that any particular contemplated Transaction may be effectuated and formed only by means of procedure (i) above. The Parties shall be legally bound by each Transaction from the time they agree to its terms in accordance with this Article 2 and acknowledge that each Party will rely thereon in doing business related to the Transaction. The Transaction Tape is adopted by the Parties as a means by which a Transaction is reduced to tangible form, and the Parties to a Transaction are identified and authenticate a Transaction. Any Transaction formed and effectuated pursuant to the foregoing shall be considered to be a "writing" or "in writing" and to have been "signed" and any Transaction Tape shall be considered to constitute an "original" document evidencing the Transaction. Each Party consents to the recording of its employees' telephone conversations without any further notice. **SEE RIDER TRANSACTION AGREEMENT REQUIRED**

2.3. Equipment and Transaction Tape. Company shall at its expense maintain equipment necessary to regularly record Transactions on Transaction Tapes and retain Transaction Tapes in such manner as to protect its business records from improper access; provided, Company shall not be liable for any malfunction of equipment or the operation thereof in respect of any Transaction WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. No Transaction shall be vitiated should a malfunction occur in equipment regularly utilized for recording Transactions or retaining Transaction Tapes or the operation thereof, and in such event, the Transaction shall be evidenced by the written and computer records of the Parties concerning the Transaction made contemporaneously with the telephone conversation.

2.4. Confirmations. In addition to, but not in lieu of, the foregoing, the Parties agree that Company may confirm a recorded telephonic Transaction by forwarding to Customer a facsimile Confirmation and that a reasonable time for the receipt by Customer of a Confirmation is within 24 hours of the Transaction formation. Company does hereby adopt its letterhead, including its address, as its signature on any Confirmation as the identification of Company and authentication by Company of the Confirmation, and such letterhead shall be sufficient to verify that Company originated the Confirmation. The Parties agree that any objections to the contents of the Confirmation shall be made in writing on or before the Confirm Deadline for all purposes hereunder and at law. Upon issuance of a Confirmation and the passage of the Confirm Deadline, if no objection to the Confirmation has been then received, the Confirmation shall be conclusive evidence of the Transaction made the subject matter thereof and the final expression of all of its terms.

2.5. Enforcement of Transactions. The Parties agree not to contest or assert a defense to the validity or enforceability of telephonic Transactions entered into in accordance with this Agreement under laws relating to (i) whether certain agreements are to be in writing or signed by the Party to be thereby bound or (ii) the authority of any employee of the Party if the employee name is stated in the Transaction Tape.

ARTICLE 3. QUANTITY OBLIGATIONS **3.1. Seller's Sales Obligation**. Seller shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Gas Day a quantity of Gas equal to the quantity properly requested by Buyer up to the DCQ or MaxDQ, if applicable ("Buyer's Requested Quantity"). Unless otherwise agreed nothing in this Agreement, and in particular this Article 3, shall require or permit either Party to Schedule Gas at a point other than a Delivery Point or in excess of the DCQ, Maximum Daily Delivery Point Quantity or MaxDQ, as applicable.

3.2. Seller's Failure to Schedule. If on any Gas Day Seller fails to Schedule Buyer's Requested Quantity, then such occurrence shall constitute a "Seller's Deficiency Default" and "Seller's Deficiency Quantity" shall be the numerical difference between Buyer's Requested Quantity and the amount of Gas Scheduled for such Gas Day. In the event of a Seller's Deficiency Default, Seller shall pay Buyer the sum of the following: (i) an amount equal to the product of the Seller's Deficiency Quantity multiplied by the Replacement Price Differential, plus (ii) liquidated damages equal to $0.15 multiplied by Seller's Deficiency Quantity to cover Buyer's administrative and operational costs. During any Month in which Seller's nonperformance continues for a period of five consecutive Gas Days Buyer may elect upon notice to Seller, without liability, not to recommence Scheduling Gas hereunder for the remainder of such Month, but for no longer period. Subject to offset pursuant to Section 3.5, payment to Buyer shall be made on the 25th Day of the Month in which Seller receives Buyer's statement for same.

3.3. Buyer's Purchase Obligation. Buyer shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Gas Day a quantity of Gas equal to the DCQ; provided, (i) if the MinMQ is applicable to a Transaction, Buyer shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Month a minimum quantity of Gas equal to the MinMQ and (ii) if the MinDQ is applicable to a Transaction, Buyer shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Day a minimum quantity of Gas equal to the MinDQ.

3.4. Buyer's Failure to Schedule. If on any Gas Day Buyer fails to Schedule the DCQ or MinDQ, if applicable, then such occurrence shall constitute a "Buyer's Deficiency Default" and "Buyer's Deficiency Quantity" shall be the

numerical difference between the DCQ or MinDQ, if applicable, and the quantity of Gas Scheduled for such Gas Day; provided, if the MinMQ is applicable to a Transaction, (i) the Buyer's Deficiency Default shall occur if Buyer fails to Schedule the MinMQ for any Month and (ii) the Buyer's Deficiency Quantity shall be the numerical difference between the MinMQ and the quantity of Gas Scheduled for such Month. In the event of a Buyer's Deficiency Default, Buyer shall pay Seller the sum of the following: (i) an amount equal to the product of Buyer's Deficiency Quantity multiplied by the Replacement Price Differential, plus (ii) liquidated damages equal to $0.15 multiplied by Buyer's Deficiency Quantity to cover Seller's administrative and operational costs. With respect to DCQ and MinDQ obligations, during any Month in which Buyer's nonperformance continues for a period of five consecutive Gas Days Seller may elect upon notice to Buyer, without liability, not to recommence Scheduling Gas for the remainder of such Month, but for no longer period. Subject to offset pursuant to Section 3.5, payment to Seller shall be made in accordance with the Financial Matters provisions set forth in Appendix "1."

3.5. Netting. In the event that Buyer and Seller are each required to pay an amount in the same Month hereunder, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount may pay to the other Party the difference between the amounts owed.

ARTICLE 4. DEFAULTS AND REMEDIES **4.1. Early Termination**. If a Triggering Event (defined in Section 4.2) occurs with respect to either Party at any time during the term of this Agreement, the other Party (the "Notifying Party") may (i) upon two Business Days written notice to the first Party, which notice shall be given no later than 60 Days after the discovery of the occurrence of the Triggering Event, establish a date on which any or all Transactions selected by it and this Agreement in respect thereof will terminate ("Early Termination Date") except as provided in Section 8.4, and (ii) withhold any payments due in respect of such Transactions; provided, upon the occurrence of any Triggering Event listed in item (iv) of Section 4.2 as it may apply to any party, all Transactions and this Agreement in respect thereof shall automatically terminate, without notice, as if an Early Termination Date had been immediately declared except as provided in Section 8.4. If an Early Termination Date occurs, the Notifying Party shall in good faith calculate its damages, including its associated costs and attorneys' fees, resulting from the termination of the terminated Transactions (the "Termination Payment"). The Termination Payment will be determined by (i) comparing the value of (a) the remaining term, quantities and prices under each such Transaction had it not been terminated to (b) the equivalent quantities and relevant market prices for the remaining term either quoted by a bona fide third party offer or which are reasonably expected to be available in the market under a replacement contract for each such Transaction and (ii) ascertaining the associated costs and attorneys' fees. To ascertain the market prices of a replacement contract the Notifying Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in Gas swap contracts and other bona fide third party offers, all adjusted for the length of the remaining term and the basis differential. All terminated Transactions shall be netted against each other. The Notifying Party shall give the Affected Party (defined in Section 4.2) written notice of the amount of the Termination Payment, inclusive of a statement showing its determination. If a Termination Payment is owed to the Notifying Party, the Affected Party shall pay the Termination Payment to the Notifying Party within 10 Days of receipt of such notice. If a Termination Payment is owed to the Affected Party, the Notifying Party shall pay the Termination Payment to the Affected Party within 10 Days of Affected Party's receipt of such notice. At the time for payment of any amount due under this Article 4, each Party shall pay to the other Party all additional amounts payable by it pursuant to this Agreement, but all such amounts shall be netted and aggregated with any Termination Payment payable hereunder. If the Affected Party disagrees with the calculation of the Termination Payment, the issue shall be submitted to arbitration pursuant to this Agreement and the resulting Termination Payment shall be due and payable within three Days after the award. If a Triggering Event occurs, the Notifying Party may (at its election) set off any or all amounts which the Affected Party owes to the Notifying Party or its Affiliates (under this Agreement or otherwise) against any or all amounts which the Notifying Party owes to the Affected Party (either under this Agreement or otherwise).

4.2. Triggering Event shall mean, with respect to a Party (the "Affected Party"): (i) the failure by the Affected Party to make, when due, any payment required under this Agreement if such failure is not remedied within five Business Days after written notice of such failure is given to the Affected Party; provided, the payment is not the subject of a good faith dispute as described in the Billing and Payment provisions or (ii) any representation or warranty made by the Affected Party in this Agreement shall prove to have been false or misleading in any material respect when made or deemed to be repeated or (iii) the failure by the Affected Party to perform any covenant set forth in this Agreement (other than its obligations to make any payment or obligations which are otherwise specifically covered in this Section 4.2 as a separate Triggering Event), and such failure is not excused by Force Majeure or cured within five Business Days after written notice thereof to the Affected Party or (iv) the Affected Party shall (a) make an assignment or any general arrangement for the benefit of creditors, (b) file a petition or otherwise commence, authorize or acquiesce in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or have such petition filed against it and such proceeding remains undismissed for 30 Days, (c) otherwise become bankrupt or insolvent (however evidenced) or (d) be unable to pay its debts as they fall due or (v) Seller's unexcused failure to Schedule the Buyer's Requested Quantity requested by Buyer for a cumulative period of 30 or more Gas Days in a 12 Month period in any one Transaction or (vi) Buyer's unexcused failure to Schedule the DCQ or MinDQ for a cumulative period of 30 or more Gas Days in a 12 Month period in any one Transaction, or, if applicable, the MinMQ for a cumulative period of three Months in a 12 Month period in any one Transaction. **[, or] SEE RIDER EVENTS**

4.3. Other Events. In the event Buyer under a Transaction is regulated by a federal, state or local regulatory body, and such body shall disallow all or any portion of any costs incurred or yet to be incurred by Buyer under any provision of this Agreement, such action shall not operate to excuse Buyer from performance of any obligation nor shall such action give rise to any right of Buyer to any refund or retroactive adjustment of the Contract Price provided in any Transaction. Notwithstanding the foregoing, if the Affected Party's activities hereunder become subject to regulation of any kind whatsoever under any law (other than with respect to New Taxes) to a greater or different extent than that existing on the Effective Date and such regulation either (i) renders this Agreement illegal or unenforceable or (ii) materially adversely affects the business of the Affected Party, with respect to its financial position or otherwise, then in the case of (i) above, either Party, and in the case of (ii) above, only the Affected Party, shall at such time have the right to declare an Early Termination Date in accordance with the provisions hereof; provided, notwithstanding the rights of the Parties to declare an Early Termination Date as above stated, the Affected Party shall be liable for payment of the Termination Payment calculated by the non-Affected Party as provided in Section 4.1.

4.4. Offset. Each Party reserves to itself all rights, set-offs, counterclaims and other remedies and defenses consistent with Section 8.3 (to the extent not expressly herein waived or denied) which such Party has or may be entitled. All outstanding Transactions and the obligations to make payment in connection therewith or under this Agreement may be offset against each other, set off or recouped therefrom.

ARTICLE 5. FORCE MAJEURE This Article 5 is the sole and exclusive excuse of performance permitted under this Agreement and all other excuses at law or in equity are WAIVED to the extent permitted by law. Except with respect to payment obligations, in the event either Party is rendered unable,

wholly or in part, by Force Majeure to carry out its obligations hereunder, it is agreed that upon such Party's giving notice and full particulars of such Force Majeure to the other Party as soon as reasonably possible (such notice to be confirmed in writing), the obligations of the Party giving such notice, to the extent they are affected by such event, shall be suspended from the inception and during the continuance of the Force Majeure for a period of up to 60 Days in the aggregate during any 12 Month period, but for no longer period. The Party receiving notice of Force Majeure may immediately take such action as it deems necessary at its expense for the entire 60 Day period or any part thereof. The Parties expressly agree that upon the expiration of the 60 Day period Force Majeure shall no longer apply to the obligations hereunder and both Buyer and Seller shall be obligated to perform. The cause of the Force Majeure shall be remedied with all reasonable diligence and dispatch; provided, unless otherwise agreed no provision herein shall require or permit Seller or Buyer to Schedule quantities of Gas (i) in excess of the DCQ, Maximum Daily Delivery Point Quantity or MaxDQ, as applicable, or (ii) at points other than the Delivery Point(s).

ARTICLE 6. TAXES 6.1. Allocation of and Indemnity for Taxes. The Contract Price includes full reimbursement for, and Seller is liable for and shall pay, or cause to be paid, or reimburse Buyer if Buyer has paid, all Taxes applicable to the Gas sold upstream of the Delivery Point(s). In the event Buyer is required to remit such Tax, the amount thereof shall be deducted from any sums becoming due to Seller hereunder. Seller shall indemnify, defend and hold harmless Buyer from any Claims for such Taxes. The Contract Price does not include reimbursement for, and Buyer is liable for and shall pay, cause to be paid, or reimburse Seller if Seller has paid, all Taxes applicable to the Gas sold downstream of or at the Delivery Point(s), including any Taxes imposed or collected by a taxing authority with jurisdiction over Buyer. Buyer shall indemnify, defend and hold harmless Seller from any Claims for such Taxes.

6.2. New Taxes. A. If (i) a New Tax occurs and (ii) Buyer or Seller would be responsible for such New Tax if it were a Tax under Section 6.1 and (iii) such New Tax is, due to and on the basis of laws, regulations and applicable contracts of Buyer in effect as of the effective date of the New Tax, of the type which Buyer can pass directly through to, or be reimbursed by, another person or entity in the chain of Gas supply, such Buyer shall pay or cause to be paid, or reimburse Seller if Seller has paid, all such New Taxes and Buyer shall indemnify, defend and hold harmless Seller from any Claims for such Taxes; provided, if Buyer does not identify its contracts for long-term fixed sourcing in the ordinary course of its business and cannot identify applicable contracts, this Paragraph A shall not apply. B. If (i) a New Tax occurs and (ii) either Buyer or Seller would be responsible for such New Tax if it were a Tax under Section 6.1, and (iii) Paragraph A does not apply, such responsible Buyer or Seller (the "Taxed Party") shall be entitled to declare an Early Termination Date in accordance with the provisions of this Agreement subject to the following conditions; provided, prior to and including the initial Agreement Period (below defined) invoked under this Section 6.2, New Taxes shall be allocated as if they were Taxes as provided in Section 6.1: (a) the Taxed Party must give the non-Taxed Party at least 30 Days prior written notice (the "Agreement Period") of its intent to declare an Early Termination Date (and which notice shall be given no later than 90 Days after the later of the enactment or effective date of the relevant New Tax), and prior to the proposed Early Termination Date Buyer and Seller shall attempt to reach a mutual agreement as to the sharing of the New Tax, (b) if a mutual sharing agreement is not reached, the non-Taxed Party shall have the right, but not the obligation, upon written notice to the Taxed Party within the Agreement Period, to pay the New Tax for any continuous period it so elects on a Month to Month basis, and in such case the Taxed Party shall not have the right during such continuous period to declare the Early Termination Date on the basis of the New Taxes, (c) should the non-Taxed Party at its election agree to pay the New Tax on a Month to Month basis, then upon 30 Days prior written notice to the Taxed Party of its election to cease payment of such New Tax, the Taxed Party shall then be liable for the payment of the New Tax and the Parties shall again be subject to this Section 6.2 as if the New Tax had an effective date as of the date the non-Taxed Party ceases payment of such New Tax, (d) if a mutual sharing agreement is not reached and the non-Taxed Party does not elect to pay the New Tax for any period of time within the Agreement Period, the Early Termination Date shall take effect and all Transactions must be terminated and be subject to the same Early Termination Date, (e) the Early Termination Date shall be effected as if a Triggering Event had occurred and the Termination Payment calculated as set forth in Section 4.1 shall be payable; provided, both Seller and Buyer pursuant to Section 4.1 shall calculate their respective Termination Payments resulting from the termination of all Transactions as if they each were a Notifying Party; provided further, if the calculation of the Termination Payments results in either the non-Taxed Party's or the Taxed Party's having either a gain or loss (after netting its gains against its losses), the Parties shall share equally such net gain due, or be responsible to pay to the Party having the net loss, one-half of the Termination Payment and (f) such Termination Payment shall be payable as provided in Section 4.1 and its calculation shall be subject to arbitration as provided in the ENFOLIO General Provisions.

6.3. Cooperation. Upon request, a Party shall provide a certificate of exemption or other evidence of exemption from any Tax and each Party agrees to cooperate with the other in obtaining an exemption and minimizing Taxes payable in respect of all Transactions.

ARTICLE 7. TITLE, RISK OF LOSS, INDEMNITY AND BALANCING 7.1. Title, Risk of Loss and Indemnity. As between the Parties, Seller shall be deemed to be in exclusive control and possession of Gas Scheduled hereunder and responsible for any damage or injury caused thereby prior to the time the same shall have been delivered to Buyer. After delivery of Gas to Buyer at the Delivery Point(s), Buyer shall be deemed to be in exclusive control and possession thereof and responsible for any injury or damage caused thereby. Title to Gas Scheduled hereunder shall pass from Seller to Buyer at the Delivery Point(s). Seller and Buyer each assumes all liability for and shall indemnify, defend and hold harmless the other Party from any Claims, including injury to and death of persons, arising from any act or incident occurring when title to the Gas is vested in the Indemnifying Party. IT IS THE INTENT OF THE PARTIES THAT THIS INDEMNITY AND THE LIABILITY ASSUMED UNDER IT BE WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY INDEMNIFIED PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE; PROVIDED, NEITHER PARTY SHALL BE LIABLE IN RESPECT OF ANY CLAIM TO THE EXTENT SAME RESULTED FROM THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR BAD FAITH OF THE INDEMNIFIED PARTY.

7.2. Correction of Imbalances, Cashouts and Penalties. Differences between Scheduled quantities and actual quantities delivered and received hereunder ("Imbalances") will be corrected or settled in cash or Gas or by offset as the Parties agree. Additionally, in the event of (i) an Imbalance on Buyer's Transporter's system caused by Seller or Seller's Transporter's delivery of less or more than the Scheduled quantity for any Gas Day (in which case Seller shall be the "Responsible Party") or (ii) an Imbalance on Seller's Transporter's system caused by Buyer or Buyer's Transporter's receipt of more or less than the Scheduled quantity for any Gas Day (in which case Buyer shall be the "Responsible Party"), the Responsible Party shall be liable for and reimburse to the other Party any associated Transporter penalties or cashout costs and losses incurred by such other Party. In the event the tariff of either Buyer's or Seller's Transporter provides for cashouts on the basis of the aggregation of all overdeliveries and underdeliveries between such Transporter and Buyer or Seller, respectively (the "Aggregate Transporter Imbalance"), and the nature of the Imbalance (overdelivery or underdelivery) attributable to the Responsible Party is the same as the Aggregate Transporter Imbalance (overdelivery or underdelivery), the Responsible Party shall participate in the other Party's cashout settlement of the Aggregate Transporter Imbalance on the basis of only the Responsible Party's pro-rata share thereof.

ARTICLE 8. MISCELLANEOUS **8.1. Notices**. All notices, including, without limitation, consents, and communications made pursuant to this Agreement shall be made as specified in Exhibit "A." Notices required to be in writing shall be delivered in written form 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 was 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. Notice by overnight mail or courier shall be deemed to have been received two Business Days after it was sent or such earlier time confirmed by the receiving Party. Any notices given hereunder in respect of the declaration of an Early Termination Date shall be also sent to the address or facsimile number so specified in Exhibit "A." Any Party may change its addresses by providing notice of same in accordance herewith.

8.2. Transfer. This Agreement, including, without limitation, each indemnification, shall inure to and bind the permitted successors and assigns of the Parties; provided, neither Party shall transfer this Agreement without the prior written approval of the other Party which may be withheld entirely at the option of such Party; provided further, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this Agreement to any Affiliate by assignment, merger or otherwise, or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of such Party. Any Party's transfer in violation of this Section 8.2 shall be void.

8.3. Limitation of Remedies, Liability and Damages and Mitigation. THE PARTIES DO HEREBY CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS HEREIN PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY HEREUNDER, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY HEREIN PROVIDED, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY HEREUNDER AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, IN TORT, CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. NOTWITHSTANDING ANY OTHER PROVISION IN THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY PENALTIES OR CHARGES ASSESSED BY ANY TRANSPORTER OR OTHER ENTITY FOR THE UNAUTHORIZED RECEIPT OF GAS BY THE OTHER PARTY. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS. BUYER ACKNOWLEDGES THAT IT HAS ENTERED INTO THIS AGREEMENT AND IS CONTRACTING FOR THE GOODS TO BE SUPPLIED BY SELLER BASED SOLELY UPON THE EXPRESS REPRESENTATIONS AND WARRANTIES HEREIN SET FORTH AND SUBJECT TO SUCH REPRESENTATIONS AND WARRANTIES, ACCEPTS SUCH GOODS "AS-IS" AND "WITH ALL FAULTS." SELLER EXPRESSLY NEGATES ANY OTHER REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO CONFORMITY TO MODELS OR SAMPLES, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE. EACH PARTY HEREBY WAIVES ALL RIGHTS UNDER, ARISING OUT OF OR ASSOCIATED WITH TEXAS & BUSINESS COMMERCE CODE SECTIONS 17.41 THROUGH 17.63 KNOWN AS THE DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT TO THE EXTENT ALLOWED BY LAW. The Parties acknowledge the duty to mitigate damages hereunder. In this connection, the Parties recognize that the ability to effectuate arrangements for the sale or purchase of Gas is conditioned upon the volatility of Gas markets, the creditworthiness and reliability of potential customers, the complexity and size of the portfolios of contracts managed by each Party and the need to conduct market business in an orderly manner. Therefore, the Parties agree that (i) three Business Days is a commercially reasonable period to purchase or sell Gas in respect of a Seller's or Buyer's Deficiency Default and (ii) three Business Days after the end of the Month in which the Early Termination Date occurs is a commercially reasonable period after the establishment of an Early Termination Date to determine the Termination Payment; provided, notwithstanding the foregoing, if Gas volumes made the basis of a Seller's or Buyer's Deficiency Default or a Party's determination of the Termination Payment are in excess of 20,000 MMBtu/Gas Day, the Parties recognize that a longer period may ordinarily be required to effectuate cover or determine the Termination Payment in an orderly manner so as not to adversely affect the Gas market. Each Party may utilize its discretion, with commercially reasonable foresight, to adjust the timing and staggering of the purchases or sales of Gas volumes in its efforts to mitigate damages. No claim that a Party failed to mitigate damages shall be grounded solely on the basis of counter Gas market movement.

8.4. Winding Up Arrangements. Upon the expiration of the Parties' sale and purchase obligations under this Agreement, any monies, penalties or other charges due and owing Seller shall be paid, any corrections or adjustments to payments previously made shall be determined, and any refunds due Buyer made, within 60 Days. Any Imbalances in receipts or deliveries shall be corrected to zero balance within 60 Days. All indemnity and confidentiality obligations and audit rights shall survive the termination of this Agreement. The Parties' obligations provided in this Agreement shall remain in effect for the purpose of complying herewith.

8.5. Applicable Law. THIS AGREEMENT AND EACH TRANSACTION AND THE RIGHTS AND DUTIES OF THE PARTIES ARISING OUT OF 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 AGREE THAT THIS AGREEMENT AND ALL TRANSACTIONS SHALL BE ACCEPTED AND FORMED IN THE STATE OF TEXAS ACCORDING TO THE PROCEDURES HEREIN SET FORTH.

8.6. Document, Record Retention and Evidence. This Agreement, the Exhibits and Appendices hereto, if any, and each Transaction, constitute the entire agreement between the Parties relating to the subject matter contemplated by this Agreement. There are no prior or contemporaneous agreements or representations (whether oral or written) affecting the subject matter other than those herein expressed. Other than with respect to Transactions entered into in accordance with the procedures set forth in this Agreement and as otherwise herein expressly stated (the "Transaction Procedures"), no amendment or modification to this Agreement shall be enforceable, unless reduced to writing and executed by both Parties. The conduct of the Parties in accordance with the Transaction Procedures shall evidence a course of dealing and a course of performance accepted by the Parties in furtherance of this Agreement and all Transactions entered into by the Parties. The provisions of this Agreement shall not impart rights enforceable by any person, firm or organization not a Party or not bound as a

Party, or not a permitted successor or assignee of a Party bound to this Agreement. Except as otherwise herein stated, any provision, article or section declared or rendered unlawful by a court of law or regulatory agency with jurisdiction over the Parties or deemed unlawful because of a statutory change will not otherwise affect the lawful obligations that arise under this Agreement. The headings used for the Articles herein are for convenience and reference purposes only. All Exhibits and Appendices referenced in this Agreement, if any, are incorporated. Any original executed Agreement or Transaction Agreement may be photocopied and stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Confirmation, if introduced as evidence in automated facsimile form, and the Transaction Tape, if introduced as evidence in its original form and as transcribed onto paper, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the Transaction Tape, the Confirmation or the Imaged Agreement (or photocopies of the transcription of the Transaction Tape, the Confirmation or the Imaged Agreement) on the basis that such were not originated or maintained in documentary form under either the hearsay rule, the best evidence rule or other rule of evidence.

8.7. Forward Contract. This Agreement and all Transactions under this Agreement constitute a "forward contract" under and in all proceedings related to the United States Bankruptcy Code, as the same may be amended, restated, replaced or re-enacted from time-to-time, and will be treated similarly under and in all proceedings related to any bankruptcy, insolvency or similar law (regardless of the jurisdiction of application or competence of such law) or any ruling, order, directive or pronouncement made pursuant thereto.

8.8. Confidentiality. Each Party shall not disclose the terms of any Transaction to a third party (other than the Party's and its affiliates' employees, lenders, counsel, accountants or prospective purchasers of any rights under any Transactions who have agreed to keep such terms confidential) except in order to comply with any applicable law, order, regulation or exchange rule; provided, each Party shall notify the other Party of any proceeding of which it is aware which may result in disclosure and use reasonable efforts to prevent or limit the disclosure. The provisions of the Agreement other than the terms of any Transaction are not subject to this confidentiality obligation. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation; provided, all monetary damages shall be limited in accordance with Section 8.3.

The Parties have executed this Agreement in multiple counterparts to be construed as one effective as of the Effective Date.

[COMPANY]

By:_____
Title:_____

[CUSTOMER]

By:_____
Title:_____

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9/99

APPENDIX "1"
ENFOLIO GENERAL PROVISIONS

•**Usage and Definitions** All references to Articles and Sections are to those set forth in this Agreement. Reference to any document means such document as amended from time to time and reference to any Party includes any permitted successor or assignee thereof. The following definitions and any terms defined internally in this Agreement shall apply to this Agreement and all notices and communications made pursuant to this Agreement.

"***Affiliate***" means, with respect to any person, any other person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person. For this purpose, "control" means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

"***Btu***" means the amount of energy required to raise the temperature of one pound of pure water one degree Fahrenheit from 59 degrees Fahrenheit to 60 degrees Fahrenheit. The term "***MMBtu***" means one million Btus.

"***Buyer***" means the Party to a Transaction who is obligated to purchase Gas during a Period of Delivery.

"***C.T.***" means Central Time.

"***Claims***" means all claims or actions, threatened or filed and whether groundless, false or fraudulent, that directly or indirectly relate to the subject matters of the indemnity, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

"***Confirmation***" means a written notice confirming the specific terms of a Transaction which may be in any form adequate at law; an example of a Confirmation which may be utilized hereunder is shown in "Exhibit B."

"***Confirm Deadline***" means 24 hours after a Party receives a Confirmation; provided, if the Confirmation is not received during a Business Day it shall be deemed received at the open of the next Business Day.

"***Contract Price***" means the price for the purchase or sale of Gas pursuant to a Transaction.

"***Daily Contract Quantity*** ***("DCQ")*** means the quantity of Gas to be Scheduled each Gas Day pursuant to a Transaction.

"***Day***" means a period of 24 consecutive hours, beginning at midnight C.T. on any calendar Day. "***Business Day***" means a Day on which 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. local time.

"***Gas Day***" means a period of 24 consecutive hours beginning at the time of the applicable Transporter's gas day.

"***Delivery Point(s)***" means the agreed point(s) of delivery pursuant to a Transaction.

"***Force Majeure***" means an event not anticipated as of the Effective Date, which is not within the reasonable control of the Party, or in the case of third party obligations or facilities, the third party, claiming suspension, and which by the exercise of due diligence such Party, or third party, is unable to overcome or obtain or cause to be obtained a commercially reasonable substitute performance therefor; provided, neither (i) the loss of Buyer's markets nor Buyer's inability economically to use or resell Gas purchased hereunder nor (ii) the loss or failure of Seller's Gas supply, including, without limitation, depletion of reserves or other failure of production, nor Seller's ability to sell Gas to a market at a more advantageous price, shall constitute an event of Force Majeure. "Force Majeure" shall include an event of Force Majeure occurring with respect to the facilities or services of Buyer's or Seller's Transporter.

"***GAAP***" means generally accepted accounting principles, consistently applied.

"***Gas***" means methane and other gaseous hydrocarbons meeting the quality standards and specifications of Buyer's Transporter.

["***Guarantor***" means, as to Company, Company's [ultimate] parent, Enron _____, and as to Customer, Customer's [ultimate] parent, _____.]

"***Indemnified Party***" and "***Indemnifying Party***" mean the Party receiving and providing an indemnity, respectively.

"***Interest Rate***" means, for any date, two percent over the per annum rate of interest announced as the "Prime Rate" from time to time for commercial loans by Citibank, N. A. as established by the administrative body of such bank charged with the responsibility of establishing such rate, as same may change from time to time; provided, the Interest Rate shall never exceed the maximum lawful rate permitted by applicable law.

["***Letter of Credit***" means an irrevocable standby letter of credit established by a Party (the "Account Party") and issued or confirmed in a form and by a commercial bank acceptable to the Party in whose favor it is issued (the "Beneficiary Party").]

["***Material Adverse Change***" **SEE RIDER MAC]**

"***MaxDQ***" means the maximum quantity of Gas that Seller is required to Schedule per Gas Day pursuant to a Transaction, if applicable.

"***Maximum Daily Delivery Point Quantity***" means the maximum quantity of Gas which may be Scheduled per Gas Day at each Delivery Point where there are multiple Delivery Points applicable to a Transaction.

"***MinDQ***" means the minimum quantity of Gas that Buyer is required to Schedule per Gas Day pursuant to a Transaction, if applicable.

"***MinMQ***" means for any Month the minimum quantity of Gas per Gas Day that Buyer is obligated to Schedule times the number of Days in the Month pursuant to a Transaction, if applicable.

"***Month***" means a period of time beginning at midnight C.T. on the first Day of any calendar Month and ending at midnight C.T. on the first Day of the following calendar Month.

"***New Taxes***" means (i) any Taxes enacted and effective after the Effective Date, including, without limitation, that portion of any Taxes or New Taxes that constitutes an increase, or (ii) any law, order, rule or regulation, or interpretation thereof, enacted and effective after the Effective Date resulting in the application of any Taxes to a new or different class of parties.

"***Period of Delivery***" means the period from the date Scheduling obligations are to commence to the date same are to terminate under a Transaction.

"***Pipeline***" means a company authorized to ship Gas on behalf of itself or others on physical Gas transmission facilities.

"***Pricing Hours***" means the hours C.T. from 8:00 a.m. to 5:00 p.m. of each Business Day.

"***Replacement Price Differential***" means (i) in the event of a Seller's Deficiency Default, the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price for the Gas Day in which Seller's Deficiency Default occurred, and (ii) in the event of a Buyer's Deficiency Default, the positive difference, if any, obtained by subtracting the Spot Price for the Gas Day in which Buyer's Deficiency Default occurred (or if the Min MQ is applicable, the Spot Price for the middle Gas Day of the month in which Buyer's Deficiency Default occurred) from the Contract Price.

"***Scheduling***" or "***Schedule,***" when used in reference to Seller, means to make Gas available, or cause Gas to be made available, at the Delivery Point(s) for delivery to or for the account of Buyer, including making all Pipeline nominations, and when used in reference to Buyer, means to cause Buyer's Transporter to make available at the Delivery Point(s) transportation capacity sufficient to permit Buyer's Transporter to receive on a firm basis the quantities Seller has available at such Delivery Point(s), including making all Pipeline nominations. Gas shall be deemed to have been Scheduled when confirmed by Transporter.

"***Seller***" means the Party to a Transaction who is obligated to sell Gas during a Period of Delivery.

"***Spot Price***" means the "Daily Midpoint" price set forth in Gas Daily® (Financial Times Energy), or successor publication, in the column "Daily Price Survey" under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Gas Day. If there is no single "Daily Midpoint" price published for that particular Gas Day, but there is published a "Common" range of prices under the above column and listing, then the Spot Price shall be the average of such "Common" high and low prices. In the event that no "Daily Midpoint" price or "Common" range of prices is published for that particular Gas Day, then the Spot Price shall be the average of the following: the price (determined

as stated above) for each of the first Gas Day immediately preceding and following the Gas Day in which the default occurred for which a Spot Price can be determined.

"***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 net income or net worth.

"***Transaction***" means an agreement and any amendment or modification thereof made in accordance herewith for the purchase or sale of Gas to be performed hereunder.

"***Transaction Agreement***" means a written paper-based agreement executed by the Parties to form and effectuate a Transaction which may be substantially in the form set forth in Exhibit "B-1."

"***Transaction Tape***" means the tape recording of a recorded Transaction effectuated in accordance with Article 2.

"***Transporter***" means either the Pipeline delivering or receiving Gas at a Delivery Point in a Transaction.

•**Representations and Warranties** As a material inducement to entering into this Agreement, including each Transaction, each Party, with respect to itself, hereby represents and warrants to the other Party continuing throughout the term of this Agreement as follows: (i) there are no suits, proceedings, judgments, rulings or orders by or before any court or any governmental authority that materially adversely affect its ability to perform this Agreement or the rights of the other Party under this Agreement, (ii) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and it has the legal right, power and authority and is qualified to conduct its business, and to execute and deliver this Agreement and perform its obligations under the same and each Transaction, and all regulatory authorizations have been maintained as necessary for it to legally perform its obligations hereunder, (iii) the making and performance by it of this Agreement is within its powers, has been duly authorized by all necessary action on its part, and does not and will not violate any provision of law or any rule, regulation, order, writ, judgment, decree or other determination presently in effect applicable to it or its governing documents, (iv) each of this Agreement and each Transaction when entered into constitutes a legal, valid and binding act and obligation of it, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws affecting creditor's rights generally, and with regard to equitable remedies, to the discretion of the court before which proceedings to obtain same may be pending, (v) there are no bankruptcy, insolvency, reorganization, receivership or other arrangement proceedings pending or being contemplated by it, or to its knowledge threatened against it, (vi) it has assets of $5,000,000 or more according to its most recent financial statements prepared in accordance with GAAP and knowledge and experience in financial matters that enable it to evaluate the merits and risks of this Agreement, and (vii) it is not in a disparate bargaining position with the other Party.

•**Operations and Delivery Scheduling Requests**. Not later than two Business Days prior to the earlier of Buyer's or Seller's Transporter's nomination deadline for the first Gas Day of each Month during a Period of Delivery, Buyer agrees to provide to Seller facsimile notice of the quantities Buyer requests Seller to Schedule for each Gas Day of such Month. Should Buyer desire to change the requested quantities Scheduled, Buyer shall provide to Seller facsimile notice thereof not later than one Business Day prior to the earlier of Buyer's or Seller's Transporter's nomination deadline for the applicable Gas Day. In the event the nomination or Scheduling deadline of a Transporter conflicts with these notification dates, Buyer and Seller agree to modify the notification dates accordingly. Scheduling requests to Seller will be accepted at the telephone number and shall be confirmed by facsimile as set forth in Exhibit "A."

Transportation. Seller shall obtain, or cause to be obtained, transportation to the Delivery Point, and Buyer shall obtain, or cause to be obtained, transportation from the Delivery Point.

Gas Specifications. Seller represents that all Gas delivered hereunder shall meet or exceed the specifications of Buyer's Transporter.

Multiple Delivery Point Utilization. In the event a Transaction shall contain more than one Delivery Point, the Parties shall specify a Maximum Daily Delivery Point Quantity for each Delivery Point. The Delivery Points which shall be utilized for delivery of Gas and the quantities of Gas to be Scheduled for delivery at such Delivery Points shall be determined by Seller in its sole discretion within each applicable Maximum Daily Delivery Point Quantity. Seller shall provide to Buyer a list of Delivery Points and quantities determined by it within a period of time necessary to permit Buyer to make nominations.

Operational Flow Orders. Should either Party receive an operational flow order or other order or notice from a Transporter requiring action to be taken in connection with this Agreement or Gas flowing under this Agreement ("OFO"), such Party shall immediately notify the other Party of the OFO and provide the other Party a copy of same by facsimile. The Parties shall take all actions required by the OFO within the time prescribed. Each Party shall indemnify, defend and hold harmless the other Party from any Claims, including, without limitation, all non-compliance penalties and attorneys' fees, associated with an OFO (i) of which the Indemnifying Party failed to give the Indemnified Party the notice required hereunder or (ii) under which the Indemnifying Party failed to take the action required by the OFO within the time prescribed.

•**Financial Matters Billing, Invoice Date, Charges and Payment**. By the 10th Day of each calendar Month following the Month in which Gas was Scheduled under a Transaction, Seller shall provide Buyer with a written statement setting forth Gas Scheduled during the preceding Month, and other charges due Seller, including, without limitation, deficiency charges under Article 3. Billing and payment will be based on Scheduled quantities. Within five Business Days of the request of either Party, the other Party shall provide, to the extent it has a legal right of access thereto and/or such statement is then available, a copy of the Transporter's allocation or imbalance statement applicable to Gas sold hereunder for the requested period. The difference, if any, between Scheduled and actual quantities delivered or accepted shall be treated as Imbalances under Article 7. Buyer shall remit any amounts due on the 25th Day of the Month in which Seller's statement was received. If the due date for any payment to be made under this Agreement is not a Business Day, the due date for such payment shall be the following Business Day. Payment of all funds shall be made in U. S. currency and as indicated in Exhibit "A" in such manner that funds are immediately available to the payee on the applicable due date. Each Party shall take all actions necessary to effect payments in accordance with the process stated in Exhibit "A." If Buyer or Seller should fail to remit any amounts in full when due hereunder, interest on the unpaid portion shall accrue from the date due at a rate equal to the Interest Rate. Billings, payments and statements shall be made to the accounts or the addresses/facsimiles specified in Exhibit "A."

Suspension of Performance. If either Party fails to make a timely payment and such failure is not remedied within two Business Days after such Party receives written notice of default, the nondefaulting Party, in addition to other remedies, may suspend the Scheduling of Gas until such amount, including interest, is paid; provided, if the defaulting Party, in good faith, shall dispute the amount of any such billing or part thereof and shall pay such amounts as it concedes to be correct, no suspension shall be permitted.

Audit Rights. During the term of this Agreement and for a period of two years from the date of termination of a Transaction, Buyer or Seller or any third party representative thereof shall have the right, upon reasonable notice and at reasonable times, to examine the books and records of the other to the extent reasonably necessary to verify the accuracy of any billing statement, payment demand, charge, payment or computation made under this Agreement. The records of the Parties shall be retained in accordance with Section 8.6 for a like period to facilitate the audit rights of the Parties.

Financial Information. If requested by Customer, Company shall deliver (i) within 120 Days following the end of each fiscal year, a copy of the annual report of Enron Corp. containing consolidated financial statements for such fiscal year certified by independent certified public accountants and (ii) within 60 Days after the end of each of its first three fiscal quarters of each fiscal year, a copy of the quarterly report of Enron Corp. containing unaudited consolidated financial statements for such fiscal quarter. If requested by Company,

Customer [or its Guarantor] shall deliver (i) within 120 Days following the end of each fiscal year, a copy of its annual report containing consolidated financial statements for such fiscal year certified by independent certified public accountants and (ii) within 60 Days after the end of each of its first three fiscal quarters of each fiscal year, a copy of its quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with GAAP; provided, should any such statements not be timely due to a delay in preparation or certification, such delay shall not be considered a default so long as such Party diligently pursues the preparation, certification and delivery of the statements.

•**Warranty of Title to Gas** Seller in any Transaction warrants that title to Gas to be Scheduled by Seller is free from all production burdens, liens and adverse claims and warrants its right to sell the same. Seller agrees to indemnify, defend and hold harmless Buyer against all Claims to or against the title of said Gas. In the event any Claim is asserted to said Gas, Buyer, in addition to other remedies, may suspend its obligation to pay for said Gas up to the amount of such Claim.

•**Alternate Price Redetermination** If any or all of the indices used to determine the Spot Price or the Contract Price are not available in the future, the Parties agree to promptly negotiate a mutually satisfactory alternate index for the Spot Price or Contract Price (each an "Alternate Price"). If the Parties cannot agree by the end of the first Month for which the Spot Price or Contract Price could not be determined, then Seller and Buyer shall each prepare a prioritized list of up to five alternative published reference postings or prices representative of spot prices for Gas delivered in the same geographic area. Each Party shall submit its list to the other within 10 Days after the end of the first Month for which the price could not be determined. The first listed index appearing in Seller's list that also appears in Buyer's list shall constitute the replacement index. If no common indices appear on the lists, each Party shall submit a new list adding two indices within 10 Days. If either Party fails to provide timely a list, such Party's list shall not be considered. From and after the "Renegotiation Date," which shall be the date the Spot Price or Contract Price is no longer available, until the Alternate Price is determined, the Alternate Price shall be the average of the Spot Price(s) or Contract Price(s) in effect during the 12 Months preceding the Month in which the Renegotiation Date occurred, which price shall be effective until the Alternate Price is determined. Upon determination of a new Alternate Price, the Spot Price or Contract Price, as applicable, will be adjusted retroactively to the Renegotiation Date.

•**Effect of Waiver or Consent** No waiver or consent by either Party, express or implied, of any one or more defaults by the other Party in the performance of any provision of this Agreement shall operate or be construed as a waiver or consent of any other default or defaults whether of a like or different nature. Failure by a Party to complain of any act of the other Party or to declare the other Party in default with respect to this Agreement, regardless of how long that failure continues, shall not constitute a waiver by that Party of its rights with respect to that default until the applicable statute of limitations period has run.

•**Indemnifications** With respect to each indemnification included in this Agreement the indemnity is given to the extent authorized by law and the following provisions shall be considered applicable. The Indemnified Party shall promptly notify the Indemnifying Party in writing of any Claim and the Indemnifying Party shall have the right to assume the investigation and defense thereof, including the employment of counsel, and shall be obligated to pay the related attorneys' fees; provided, the Indemnified Party shall have the right to employ separate counsel and participate in the defense of any Claim, however, the attorneys' fees of such counsel shall be paid by the Indemnified Party unless the employment of such counsel has been consented to in writing by the Indemnifying Party or the Indemnifying Party has failed to assume the defense and employ counsel in a timely manner; provided further, if the named parties to any Claim include both Parties, and the Indemnified Party shall have been advised by counsel that there may be a legal defense available to it which is different from those available to the Indemnifying Party, the Indemnified Party may elect to employ separate counsel at the expense of the Indemnifying Party, in which case the Indemnifying Party shall pay all attorneys' fees of such counsel and shall not have the right to assume the defense of the Claim on behalf of the Indemnified Party. The Parties shall use reasonable efforts to cooperate in the defense of any Claim. The Indemnifying Party shall not be liable for any settlement of a Claim without its express written consent thereto. The Indemnified Party shall reimburse the Indemnifying Party for payments made or costs incurred in respect of an indemnity with the proceeds of any judgment, insurance, bond, surety or other recovery made with respect to an event covered by the indemnity.

•**Arbitration Disputes to be Arbitrated**. Any and all claims, demands, causes of action, disputes, controversies, and other matters in question arising out of or relating to this Agreement, any of its provisions, or the relationship between the Parties created by this Agreement, whether sounding in contract, tort, or otherwise, whether provided by statute or the common law, for damages or any other relief, including, without limitation, all Claims (all of which are referred to herein as "Disputes"), shall be resolved by binding arbitration pursuant to the Federal Arbitration Act. The arbitration may be initiated by either Party by providing to the other a written notice of arbitration specifying the Disputes to be arbitrated. If a Party refuses to honor its obligations to arbitrate, the other Party may seek to compel arbitration in either federal or state court. The arbitration proceeding shall be conducted in Houston, Texas, or other location mutually agreed upon by the Parties. Within 30 Days of the notice initiating the arbitration procedure, each Party shall designate one arbitrator, who need not be impartial. If a Party fails to designate an arbitrator, the other Party may have an arbitrator appointed by applying to the senior active United States District Judge for the Southern District of Texas. The two arbitrators shall select a third arbitrator. If the two arbitrators chosen by the Parties fail to agree upon the third arbitrator, both or either of the Parties may apply to the senior active United States District Judge for the Southern District of Texas for the appointment of a third arbitrator. The third arbitrator shall take an oath of neutrality.

Arbitration Procedures. The three arbitrators shall make all of their decisions by majority vote. The enforcement of this Agreement to arbitrate, the validity, construction, and interpretation of this Agreement to arbitrate, and all procedural aspects of the proceeding pursuant to this Agreement to arbitrate, including, without limitation, the issues subject to arbitration, the scope of the arbitrable issues, allegations of "fraud in the inducement" to enter into this entire Agreement or to enter into this Agreement to arbitrate, allegations of waiver, delay or defenses to arbitrability, and the rules governing the conduct of the arbitration, shall be governed by and construed pursuant to the Federal Arbitration Act. In deciding the substance of the parties' Disputes, the arbitrators shall apply the substantive laws of the State of Texas (excluding Texas choice-of-law principles that might call for the application of some other State's law). The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association, except as modified in this Agreement. It is contemplated that although the arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association, the arbitration proceeding will be self-administered by the Parties; provided, if a Party believes the process will be enhanced if it is administered by the American Arbitration Association, such Party shall have the right to cause the process to become administered by the American Arbitration Association by applying to the American Arbitration Association and, thereafter, the arbitration shall be conducted pursuant to the administration of the American Arbitration Association. In determining the extent of discovery, the number and length of depositions, and all other pre-hearing matters, the arbitrators shall endeavor to the extent possible to streamline the proceedings and minimize the time and cost of the proceedings. There shall be no transcript of the hearing. The final hearing shall be conducted within 120 days of the selection of the third arbitrator. The final hearing shall not exceed 10 Business Days, with each Party to be granted one-half of the allocated time to present its case to the arbitrators. All proceedings conducted hereunder and the decision of the arbitrators shall be kept confidential by the Parties.

Arbitration Award. Only damages allowed pursuant to this Agreement may be awarded. It is expressly agreed that the arbitrators shall have no authority to award treble, exemplary or punitive damages of any type under any circumstances regardless of whether such damages may be available under Texas law, the Parties hereby waiving their right, if any, to recover treble,

exemplary or punitive damages in connection with any Dispute, either in arbitration or in litigation. The arbitrators shall render their final decision within 20 Days of the completion of the final hearing fully resolving all of the Disputes that are the subject of the arbitration proceeding. The arbitrators' ultimate decision after final hearing shall be in writing. The arbitrators shall certify in their decision that no part of their award includes any amount for treble, exemplary or punitive damages not allowed hereunder. The arbitrators' decision shall be final and non-appealable to the maximum extent permitted by law. Any and all of the arbitrators' orders and decisions may be enforceable in, and judgment upon any award rendered in the arbitration proceeding may be confirmed and entered by, any federal or state court having jurisdiction.

•**Authority for Transactions** Each Party represents to the other Party that each of its employees has authority to enter into Transactions pursuant to this Agreement on its behalf. Identification and authority of a Party's employee engaging in a recorded telephonic Transaction shall be conclusively established for all purposes by a statement on the Transaction Tape by the employee of the employee's name; provided, failure to state the employee name shall not evidence any lack of authority of the employee to effectuate and form a Transaction.

•**Flexible Pricing** During the Period of Delivery for a Transaction expressly providing for "Flexible Pricing" Customer may request a price other than the original Contract Price, being a Fixed Price, Fixed Basis Price or Floating Basis Price (each below defined) by contacting Company during Pricing Hours requesting any such price for a specified quantity of Gas to be Scheduled during selected Months within the Period of Delivery; provided, such request must be made prior to 1:30 p.m. C.T. of the third trading Day prior to the last trading Day of the NYMEX Gas futures contract for the selected Month. The terms of this Agreement, including, without limitation, Article 2, shall apply to Flexible Pricing in respect of any Transaction hereunder. A Confirmation may be sent by Company to Customer confirming the Flexible Pricing agreement in accordance with Section 2.4. "Fixed Price" means a fixed dollar amount agreed to by the Parties. "Fixed Basis Price" means a price agreed to by the Parties on the basis of NYMEX Gas futures contracts then trading for the applicable Month, or if no such price is agreed prior to the last three trading Days of the applicable Month, a price equal to the sum of the average of the settlement prices of the NYMEX Gas futures contract for the last three trading Days of the applicable Month (the "Average Settlement Price") plus a fixed dollar amount basis adjustment agreed to by the Parties. "Floating Basis Price" means a price equal to the sum of a fixed dollar amount agreed to by the Parties plus the difference between the selected reference price for the Delivery Point(s) and the Average Settlement Price for the applicable Month. The price for all Gas for which a Flexible Price has not been agreed by the Parties shall be the original Contract Price applicable to the Transaction.

EXHIBIT "A"
ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

NOTICE / COMMUNICATION / PAYMENT

TO COMPANY:
Notices/Correspondence:
P.O. Box 4428
Houston, Texas 77210-4428
Attn: Documentation and Deal Clearing Desk
Facsimile No. (713) 646-4816
Termination Notice Facsimile No. (713) 646-4818

Invoices:
P.O. Box 4428
Houston, Texas 77210-4428
Attn: Client Services
Facsimile No. (713) 646-8420

Payments:

Nominations: 1 (800) 356-9427/1 (800) FLOWGAS
Confirmations: Enron North America Gas Trading 1(713)646-2531

TO CUSTOMER:
Notices/Correspondence:

Invoices:

Payments:

Nominations:
Confirmations:

EXHIBIT "B"
ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

EXAMPLE OF CONFIRMATION ON COMPANY LETTERHEAD (INCLUDING NAME AND ADDRESS) TO CONFIRM TELEPHONIC TRANSACTIONS UNDER SECTION 2.4

This Confirmation shall confirm the Transaction agreed to on _____, ____ and binding between _____ ("Customer") and _____ ("Company") regarding the firm purchase and sale of Gas under the following terms and conditions. _____ to purchase and receive (Buyer) and _____ to sell and deliver (Seller). Transaction number _____.

DAILY CONTRACT QUANTITY (DCQ): _____
MAXDQ (if applicable): _____
MINMQ (if applicable): _____
MINDQ (if applicable): _____
DELIVERY POINT(S): _____
CONTRACT PRICE (per MMBtu): _____
PERIOD OF DELIVERY: _____
SPOT PRICE LOCATION: _____

{If this Confirmation relates to a NYMEX Exchange of Futures for Physicals Transaction the Confirmation may include the following with respect to Contract Price: The Contract Price shall be equal to the EFP Posted Price [plus] [minus] $_____ (the "Adjustment"). The "EFP Posted Price" shall be in accordance with Rule 220.17 of the rules and regulations of the NYMEX pertaining to Gas futures contracts for the Period of Delivery as set forth below:
⇒ Buyer agrees to exchange its long position in [_# OF CONTRACTS, MONTH, YEAR_] NYMEX contracts with Seller for Seller's short position in [_# OF CONTRACTS, MONTH, YEAR_] NYMEX contracts at a price of $_____ .
[REPEAT TEXT AFTER ⇒ FOR EACH DELIVERY MONTH OF THE PERIOD OF DELIVERY FOR WHICH THE EFP POSTED PRICE IS AGREED AS OF THE PREPARATION OF THIS CONFIRMATION]
In each Delivery Month for which an EFP Posted Price is not herein set forth, the EFP Posted Price shall be the price at which the exchange is posted with NYMEX in accordance with Rule 220.17. Notwithstanding anything herein, if no posting is timely made for any Delivery Month in accordance with Rule 220.17 by Buyer and Seller, then there shall be no EFP Transaction hereunder for such Delivery Month. The Transaction for that Delivery Month shall be considered a Transaction for the firm purchase and sale of Gas otherwise in accordance with the provisions hereof at a Contract Price equal to the average of the settlement prices occurring the last three Trading Days of the NYMEX Gas contracts for the applicable Delivery Month [plus] [minus] the Adjustment. For purposes hereof, "Trading Day" means any Day for which a NYMEX Gas contract is determinable.}

This Confirmation is being provided pursuant to and in accordance with the ENFOLIO Master Firm Purchase/Sale Agreement in effect between Customer and Company (the "Agreement") and constitutes part of and is subject to all of the terms and provisions of such Agreement. All capitalized terms herein used, but not defined, shall have the meanings set forth in the Agreement. Company does hereby adopt its letterhead, including its address, as its signature in respect of the identification of Company and the authentication by Company of this Confirmation. Any objection of Customer to this Confirmation must be made by written notice to Company prior to the Confirm Deadline, as agreed and defined in the Agreement.

EXHIBIT "B-1"
ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

SUGGESTED FORM OF TRANSACTION AGREEMENT FOR USE WITH TRANSACTIONS FORMED UNDER SECTION 2.2(i)

This Transaction Agreement shall form and effectuate the current proposal between _____ ("Customer") and _____ ("Company") regarding the firm purchase and sale of Gas under the following terms and conditions. _____ to purchase and receive (Buyer) and _____ to sell and deliver (Seller). Transaction number _____.

DAILY CONTRACT QUANTITY (DCQ): _____
MAXDQ (if applicable): _____
MINMQ (if applicable): _____
MINDQ (if applicable): _____
DELIVERY POINT(S): _____
CONTRACT PRICE (per MMBtu): _____
PERIOD OF DELIVERY: _____
SPOT PRICE LOCATION: _____

This Transaction Agreement is being provided pursuant to and in accordance with the ENFOLIO Master Firm Purchase/Sale Agreement in effect between Customer and Company and constitutes part of and is subject to all of the terms and provisions of such Agreement. Please execute this Transaction Agreement and return an executed copy to Company. Your execution should reflect the appropriate party in your organization who has the authority to cause Customer to enter into this Transaction. In the event Customer alters the terms of this Transaction Agreement in any manner there will be no Transaction pursuant to this Transaction Agreement.

SIGNATURE LINES FOR CUSTOMER AND COMPANY

EXHIBIT "C"
ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

GUARANTY AGREEMENT

This Guaranty Agreement (this "Guaranty"), dated as of _____, is made and entered into between _____, a _____ corporation ("Guarantor"), and _____, a _____ _____ ("Contract Party").

WHEREAS, (i) Contract Party and _____, a wholly owned subsidiary of Guarantor ("Obligor"), are contemplating entering into an ENFOLIO® Master Firm Purchase/Sale Agreement of even date herewith and herein incorporated for all purposes (said Agreement, as the same may be from time to time extended, amended and supplemented, particularly including, without limitation, all Transactions thereunder, the "Gas Contract"), (ii) Guarantor will directly or indirectly benefit from the Gas Contract and (iii) as a condition precedent to the consummation of the Gas Contract, Contract Party has required that Guarantor unconditionally guarantee to Contract Party all payment obligations of Obligor under the Gas Contract.

NOW THEREFORE, to induce Contract Party to enter into the Gas Contract, Guarantor agrees as follows:

1. **PAYMENT GUARANTY**. Guarantor absolutely, irrevocably and unconditionally guarantees to Contract Party all payment obligations of Obligor set forth in the Gas Contract and interest thereon accrued as provided in the Gas Contract (the "Obligations"); provided, the applicable rate of interest shall never exceed the maximum lawful rate permitted by law. This guaranty of payment is a continuing guaranty effective during the term of the Gas Contract and until complete performance by Obligor of its obligations under the Gas Contract and payment in full of all Obligations; provided, in all instances this Guaranty shall continue for a period of six months after the termination of the Gas Contract for the purpose of guaranteeing indemnity Obligations which survive the termination of the Gas Contract as set forth in Section 8.4 of the Gas Contract (the "Indemnity Period"). With respect to any Claims threatened or filed as of the close of the Indemnity Period, the Obligations resulting from any such Claims shall be guaranteed hereunder. No notice of the Obligations or any Transaction need be given in any form to Guarantor at any time and Guarantor WAIVES any such notice and the right to consent to the Obligations or any Transaction. Guarantor WAIVES any right to require as a condition to its obligations hereunder that (i) collateral be applied to the Obligations, (ii) presentment or demand be made upon Obligor or (iii) action be brought against Obligor or any other person or entity except Guarantor, should Contract Party seek to enforce the obligations of Guarantor. Specifically, without limitation, Guarantor WAIVES any right to require, substantively or procedurally, that (i) a judgment previously be rendered against Obligor or any other person or entity except Guarantor, (ii) Obligor or any other person or entity be joined in any action against Guarantor or (iii) an action separate from one against Guarantor be brought against Obligor or any other person or entity. The obligations of Guarantor are several from those of Obligor or any other person or entity, including, without limitation, any other surety for Obligor, and are primary payment obligations concerning which Guarantor is the principal obligor. To the extent Obligor shall fail to timely make payment of any Obligations, Guarantor shall satisfy its obligations hereunder regardless of whether Contract Party or any other person or entity shall have taken any steps to enforce its rights against Obligor or any other person or entity except Guarantor. The obligations of Guarantor hereunder shall in no way be affected or impaired by reason, and Guarantor WAIVES its right to prior notice, of the happening from time to time of any of the following: (i) extensions (whether or not material) of the time for payment of all or any portion of the Obligations, (ii) the modification or amendment in any manner (whether or not material) of the Gas Contract or the Obligations, (iii) except for applicable statutes of limitations, any failure, delay or lack of diligence on the part of Contract Party, or any other person or entity to enforce, assert or exercise any right, privilege, power or remedy conferred on Contract Party or any other person or entity in the Gas Contract or at law, or any action on the part of Contract Party or such other person or entity granting indulgence or extension of any kind, (iv) the settlement or compromise of any Obligations, (v) the status, composition, structure or name of Obligor change, including, without limitation, by reason of merger, dissolution, consolidation or reorganization, (vi) except for releases or waivers resulting from the rights or defenses of Obligor that Guarantor has reserved in Section 3, the release or waiver, by operation of law or otherwise, of the performance or observance by Obligor of any express or implied covenant, term or condition in the Gas Contract, (vii) the release or waiver, by operation of law or otherwise, of the performance or observance by any co-guarantor, surety, endorser or other obligor of any express or implied covenant, term or condition to be performed or observed by it under the Gas Contract or related document and (viii) the failure to acquire, perfect or maintain perfection of any lien on, or security interest in, any collateral provided by Obligor to Contract Party or the release of any such collateral or the release, modification or waiver of, or failure to enforce, any pledge, security device, guaranty, surety or other indemnity agreement in respect of such collateral. NOTWITHSTANDING THE FOREGOING, THE LIABILITY OF GUARANTOR HEREUNDER SHALL BE LIMITED TO DIRECT, ACTUAL DAMAGES AND, UNLESS EXPRESSLY PROVIDED IN THE GAS CONTRACT, GUARANTOR SHALL NOT BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, IN TORT, CONTRACT OR OTHERWISE, OR ANY PENALTIES OR CHARGES ASSESSED BY ANY PERSON OR ENTITY FOR THE UNAUTHORIZED RECEIPT OF GAS. Upon 30 Days written notice and with the prior written consent of Contract Party, which consent shall not be unreasonably withheld, this Guaranty may be replaced by (i) a guaranty in identical form made by a guarantor of equal or better creditworthiness, including credit ratings by nationally recognized credit rating agencies, taking into consideration all relevant information concerning corporate structure, all relevant financial information, both current and projected, and all effects on the enforceability of the replacement guaranty, or (ii) a letter of credit in favor of Contract Party in the amount of the Maximum Limit (below defined), issued by a bank and in a form, each of which shall be reasonably satisfactory to Contract Party, taking into consideration all effects on the enforceability of the replacement letter of credit; provided, this Guaranty shall continue to apply to all Transactions in effect at the time this Guaranty is replaced until all such Transactions are completed and the replacement guaranty or letter of credit shall apply to only those Transactions formed after its execution and delivery.

2. **MAXIMUM LIMIT**. The amount covered by this Guaranty for all Obligations in respect of the aggregate of all Transactions under the Gas Contract that ever shall be required to be paid by Guarantor shall not exceed $_____ (the "Maximum Limit"); provided, this Guaranty shall cover and Guarantor shall pay, in addition to the Maximum Limit, all reasonable expenses, including, without limitation, attorneys' fees, court costs and similar costs, of Contract Party in the event of judgment, settlement or other enforcement against Guarantor. The Maximum Limit shall not be affected by the number or type of outstanding Transactions or the holding or application of any collateral by Contract Party.

3. **DEFENSES**. Other than as expressly waived in this Guaranty, Guarantor retains its own defenses and rights hereunder. Guarantor WAIVES all rights, setoffs, counterclaims and other defenses of Obligor relating to the Obligations, including, without limitation, all rights, setoffs, counterclaims and other defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Obligor.

4. **DEFAULT**. If Obligor fails or refuses to pay timely any Obligations, Contract Party may at its option exercise any or all of its rights, powers and remedies afforded hereunder and under all documents, if any, securing this Guaranty and may declare the unpaid amounts of all Obligations then owing under the Gas Contract to be immediately due and payable, and thereupon such amounts shall be immediately due and payable without presentation and demand for payment, protest, notice of

protest or dishonor, notice of default, notice of intent to accelerate or notice of acceleration to Guarantor or any other person or entity, all of which Guarantor hereby WAIVES.

5. REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants that: (i) it is a corporation duly organized and validly existing under the laws of the State of its incorporation and has the power and authority to execute, deliver and carry out the terms and provisions of this Guaranty, (ii) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guaranty and (iii) assuming due authorization, execution and delivery hereof by Contract Party, this Guaranty constitutes a legal, valid and binding agreement of Guarantor enforceable in accordance with its terms, except as the enforceability thereof may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

6. FINANCIAL INFORMATION. At the written request of Contract Party, Guarantor shall provide Contract Party with the financial information described in Appendix "1" of the Gas Contract under Financial Information in accordance therewith.

7. NOTICE. All notices and communications made pursuant to this Guaranty shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested, or sent by facsimile, as follows:

To Guarantor:

_____

_____

_____

Facsimile: _____

To Contract Party:

_____

_____

_____

Facsimile: _____

Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by facsimile shall be effective upon actual receipt if received during recipient's normal business hours or at the beginning of recipient's next business day after receipt if not received during recipient's normal business hours. Any party may change its address to which notice is to be given hereunder by providing notice of same in accordance with this Section 7.

8. LAW, WAIVERS, MISCELLANEOUS. THIS GUARANTY SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. Guarantor WAIVES all right to require marshaling of assets and liabilities, sale in inverse order of alienation, notice of disposition of collateral and notice of acceptance of this Guaranty. The Transaction Procedures set forth in the Gas Contract are acknowledged and agreed to by Guarantor and Guarantor agrees not to contest the validity or enforceability of any Transaction entered into in accordance with the Transaction Procedures under applicable law relating to whether certain agreements are to be in writing or signed by the Party to be thereby bound. No term or provision of this Guaranty shall be amended, modified, altered, waived, supplemented or terminated except in a writing signed by the parties hereto. All capitalized terms used in this Guaranty and not herein defined shall have the meanings attributed to them in the Gas Contract. This Guaranty shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of Guarantor and Contract Party. This Guaranty embodies the entire agreement and understanding between Guarantor and Contract Party and supersedes all prior agreements and understandings relating to the subject matter hereof. The headings in this Guaranty are for purposes of reference only, and shall not affect the meaning hereof. This Guaranty may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one document.

The parties hereto have caused this Guaranty to be executed as of the day and year first above written.

[GUARANTOR]	[CONTRACT PARTY]
_____	_____
By _____	By _____
Title _____	Title _____

Rider TRANSACTION AGREEMENT REQUIRED

Use the following provision where all Transactions are to be formed by Transaction Agreement only and delete the II on page 1 of the contract: Notwithstanding the other provisions in this Agreement permitting recorded telephonic Transactions, the Parties agree that every Transaction, other than NYMEX Exchange of Futures for Physicals Transactions, shall be formed and effectuated by a written paper-based Transaction Agreement until such time as the Parties execute an amendment to this Agreement allowing recorded telephonic Transactions in all instances hereunder.

Rider MAC (select per Credit Memo)

"***Material Adverse Change***" means (i) with respect to Customer, Customer [Customer's Guarantor] shall have long-term debt unsupported by third party credit enhancement that is rated by Standard & Poor's Corporation below BBB- or (ii) with respect to Company, Enron Corp. shall have long-term debt unsupported by third party credit enhancement that is rated by Standard & Poor's Corporation below BBB-.

or

"***Material Adverse Change***" means (i) with respect to Company, Enron Corp. shall have long-term debt unsupported by third party credit enhancement that is rated by Standard & Poor's Corporation below BBB- or (ii) with respect to Customer, Customer [Customer's Guarantor] shall have either (a) Funded Debt at any one time which exceeds 100% of Net Worth or (b) Net Worth below $_____.

or

"***Material Adverse Change***" means (i) with respect to Customer, in the reasonable opinion of Company, a material change in the creditworthiness, financial condition or ongoing business of Customer that may adversely affect Customer's ability to perform hereunder or (ii) with respect to Company, Enron Corp. shall have long-term debt unsupported by third party credit enhancement that is rated by Standard & Poor's Corporation below BBB-.

or

"***Material Adverse Change***" means (i) with respect to Company, Enron Corp. shall have long-term debt unsupported by third party credit enhancement that is rated by Standard & Poor's Corporation below BBB- or (ii) with respect to Customer, Customer [Customer's Guarantor] shall have a Current Ratio less than ____ to 1.00 at the end of any fiscal quarter.

or

"***Material Adverse Change***" means (i) with respect to Company, Enron Corp. shall have long-term debt unsupported by third party credit enhancement that is rated by Standard & Poor's Corporation below BBB- or (ii) with respect to Customer, Customer [Customer's Guarantor] shall have a Cash Flow Ratio less than 1.00 to 1.00 at the end of any fiscal quarter.

or

"***Material Adverse Change***" means (i) with respect to Company, Enron Corp. shall have long-term debt unsupported by third party credit enhancement that is rated by Standard & Poor's Corporation below BBB- or (ii) with respect to Customer, Customer ceases to be owned or otherwise controlled by its current ultimate parent; "owned or otherwise controlled by" meaning the direct or indirect ownership of at least 51% of the outstanding capital stock or other equity interests of Customer having ordinary voting power.

Depending on the selection, add definitions from the following list to the defined terms in Appendix "1":

"***Funded Debt***" means liabilities, debts and obligations of the subject party not coming due or maturing within one year.

"***Net Worth***" means total assets (exclusive of intangible assets and amounts attributable to notes receivable), minus total liabilities, each as would be reflected on a balance sheet of the subject party prepared in accordance with GAAP.

"***Current Ratio***" means the ratio of current assets, exclusive of intangible assets and notes receivable, and current liabilities of the subject party, each determined in accordance with GAAP.

"***Cash Flow***" means for any preceding 12 Month period the sum (without duplication) of net income plus depreciation, amortization and other non-cash charges, to the extent deducted in determining net income, all as determined in accordance with GAAP.

"***Cash Flow Ratio***" means the ratio of Cash Flow to current maturities of long term debt of the subject party determined in accordance with GAAP.

Rider SECURITY (select per Credit Memo)

[4.5.] Security. In order to secure all payment obligations of Company to Customer hereunder, Company shall cause its Guarantor to execute and deliver to Customer the guaranty agreement substantially in the form attached as Exhibit "C." In order to secure all payment obligations of Customer to Company hereunder, Customer shall cause its Guarantor to execute and deliver to Company the guaranty agreement substantially in the form attached as Exhibit "C."

[4.6.] Collateral Requirement/Termination Payment Threshold. If at any time and from time to time during the term of this Agreement (and notwithstanding whether a Triggering Event has occurred) the Termination Payment that would be owed to a Party in respect of all Transactions then outstanding should exceed $_____, such Party as the Beneficiary Party may request the other Party to establish a Letter of Credit as the Account Party in an amount equal to the Termination Payment in excess of $_____ (rounding upwards for any fractional amount to the next $_____), or such other collateral as may be reasonably acceptable to the Beneficiary Party. The Letter of Credit or other collateral shall be delivered within two Business Days of the date of such notice. On a Monthly basis, such Letter of Credit may be increased or reduced correspondingly to the amount of such excess Termination Payment (rounding upwards for any fractional amount to the next $_____). For purposes of this Section [4.6], the calculation of "Termination Payment" shall include all amounts owed but not yet paid by one Party to the other Party whether or not such amounts are then due, for performance already provided pursuant to any and all Transactions.

[4.7.] Collateral Requirement/Committed Volumes Threshold. For purposes hereof the term "Committed Volumes" means the maximum amount of all volumes committed for delivery by Seller for the following two Month period valued at the then current Contract Price under all Transactions and for which payment is not then due and owing plus all other payments then due and owing under this Agreement, including, without limitation, payments in respect of interest, damages and the Termination Payment. If at any time and from time to time during the term of this Agreement (and notwithstanding whether a Triggering Event has occurred) the Committed Volumes hereunder should exceed $_____, Seller as the Beneficiary Party may request Buyer to establish a Letter of Credit as the Account Party in an amount equal to the Committed Volumes in excess of $_____ (rounding upwards for any fractional amount to the next $_____), or such other collateral as may be reasonably acceptable to the Beneficiary Party. The Letter of Credit or other collateral shall be delivered within two Business Days of the date of such notice. On a Monthly basis, such Letter of Credit may be increased or reduced correspondingly to the amount of such excess Committed Volumes (rounding upwards for any fractional amount to the next $_____).

[4.8.] Collateral Requirement/General. It is understood and agreed by the Parties that either Party may request a Letter of Credit or other collateral prior to consummating any Transaction hereunder; provided, nothing herein shall obligate any Party to provide such a Letter of Credit or other collateral without having made an agreement so to do in respect of such Transaction.

Rider EVENTS (select per Credit Memo)

(vii) the occurrence of a Material Adverse Change of the Affected Party, provided, such Material Adverse Change shall not be considered if the Affected Party establishes, and maintains throughout the term hereof, a Letter of Credit (naming the Notifying Party as the beneficiary) in an amount equal to the sum of (in each

case rounding upwards for any fractional amount to the next $ _____) (a) the Notifying Party's Termination Payment plus (b) if the Notifying Party is Seller, the aggregate of the amounts Seller is entitled to receive under each Transaction for Gas Scheduled during the 60 Day period preceding the Material Adverse Change (the amount of said Letter of Credit to be adjusted quarterly to reflect amounts owing at that point in time) or (viii) the Affected Party fails to establish, maintain, extend or increase a Letter of Credit when required pursuant to this Agreement, or after reasonable notice fails to replace the issuing bank with another bank acceptable to the beneficiary or (ix) with respect to Company, at any time, [Company] [Company's Guarantor] shall have defaulted on its indebtedness to third parties resulting in an acceleration of obligations of [Company] [Company's Guarantor] in excess of $_____, or with respect to Customer, at any time, [Customer] [Customer's Guarantor] shall have defaulted on its indebtedness to third parties, resulting in an acceleration of obligations of [Customer] [Customer's Guarantor] in excess of $_____ or (x) the Guarantor of the Affected Party fails to perform any covenant set forth in the guaranty agreement it delivered in respect of this Agreement, any representation or warranty made by such Guarantor in said guaranty agreement shall prove to have been false or misleading in any material respect when made or when deemed to be repeated or such Guarantor shall take or suffer any actions set forth in item (iv) above as applied to it.

Rider EFP (Review this consideration)

Consider with the dealmaker including the following sentence after the first sentence in Section 4.1: Notwithstanding the foregoing, if either Triggering Event (v) or (vi) listed in Section 4.2 applies to only one Exchange of Futures for Physicals Transaction which has a Period of Delivery less than three Months and no other Triggering Event has occurred and is then continuing, the Notifying Party shall be permitted to select only that Transaction for which to declare an Early Termination Date hereunder.

Riders For "ON SYSTEM" Enron Entities: NOTE THAT CERTAIN CUSTOMIZING OF THE FORM MAY ALSO BE NEEDED.

1. IF **HOUSTON PIPE LINE COMPANY** IS A PARTY TO THE CONTRACT, ADD THE FOLLOWING TO THE END OF REPRESENTATIONS AND WARRANTIES IN APPENDIX "1": The following representations and warranties shall apply to Transactions under the stated conditions: (i) if Company is Buyer, Seller represents and warrants to Buyer that all Gas will have been produced (a) within the state of Texas and will not have been commingled with other Gas which is or may be sold, consumed, transported or otherwise utilized in interstate commerce in such manner which would subject an intrastate Transporter to the jurisdiction of the Federal Energy Regulatory Commission or any successor authority under the Natural Gas Act of 1938 or (b) outside of the state of Texas with any transportation on an interstate pipeline having been conducted under Section 311 (a)(1) of the Natural Gas Policy Act and (ii) if Company is Seller and the Delivery Point(s) for the Transaction are not interstate interconnections, Buyer represents and warrants to Seller that none of the Gas will be sold, consumed, transported or otherwise utilized outside the state or sold to another party which will subsequently sell, consume, transport or otherwise use the Gas outside the State where such event would subject an intrastate Transporter to the jurisdiction of the Federal Energy Regulatory Commission or any successor authority under the Natural Gas Act of 1938.

2. IF **HOUSTON PIPE LINE COMPANY** IS A PARTY TO THE CONTRACT, ADD THE FOLLOWING TO THE END OF OPERATIONS AND DELIVERY IN APPENDIX "1": **Measurement**. At appropriate intervals the Company's Transporter (the " Measuring Party") shall measure Gas purchased and sold hereunder in accordance with the applicable tariff or, in respect of an intrastate Transporter, the applicable transportation agreement. Any costs thereof billed by the Measuring Party shall be shared equally between the Parties. If the Measuring Party determines that measurement error results from pulsation, the Party or its designee owning the facilities causing the pulsation shall at its expense within 60 Days of its receipt of notification of same reduce the pulsation to a level such that the square root error in respect of pulsation is not greater than one percent; provided, the pulsation testing device and testing procedures shall be mutually agreed by the Parties and the Parties shall have the right to witness all pulsation testing.

Rider MUNI (Follow this Rider if Customer is a Municipality)

1. Add the definition of "***Act***" to the defined terms in Appendix 1 and cite the state enabling statute.

2. Add the following representations and warranties at the end of the Representations and Warranties in Appendix 1:

Further and with respect to Customer only, Customer represents and warrants to Company continuing throughout the term of this Agreement as follows: (i) all acts necessary to the valid execution and performance of this Agreement, including, without limitation, _____, have been duly adopted and all _____ of Customer have been duly elected or appointed to _____ in accordance with the Act, (ii) with respect to the contractual obligations hereunder and performance thereof, it is not entitled to claim immunity on the grounds of sovereignty or similar grounds with respect to itself or its revenues or assets from (a) suit, (b) jurisdiction of court, (c) relief by way of injunction, order for specific performance or recovery of property, (d) attachment of assets or (e) execution or enforcement of any judgment, (iii) its obligations to make payments hereunder are unsubordinated obligations and such payments are operating and maintenance costs which enjoy first priority of payment at all times under any and all indentures to which it is a party, its constitutional and governing documents and applicable law, and (iv) its obligations to make payments hereunder do not constitute any kind of indebtedness of Customer or create any kind of lien on, or security interest in, any property or revenues of Customer which, in either case, is proscribed by any provision of its constitutional and governing documents, any order or judgment of any court or other agency of government applicable to it or its assets, or any contractual restriction binding on or affecting it or any of its assets.

3. Add the following language to the end of Section 2.1: On the Effective Date Customer shall provide Company (i) certified copies of all documents evidencing the necessary authorizations with respect to the execution, delivery and performance by Customer of this Agreement and (ii) an opinion of counsel for Customer regarding the validity, binding effect and enforceability of this Agreement in respect of the Act and other applicable law. With respect to each Transaction, Customer shall either (i) have created and set aside a special fund pledged to satisfy Customer's obligations hereunder (the "Special Fund") out of which funds shall be paid to satisfy all of Customer's obligations for the entire Period of Delivery or (ii) upon execution of this Agreement and prior to the commencement of each subsequent fiscal year of Customer during any Period of Delivery, obtain all necessary budgetary certifications for payment of all of its obligations under this Agreement for such fiscal year; any breach of this provision shall be deemed to have arisen during a fiscal period of Customer for which budgetary certification of its obligations under this Agreement is in effect and, notwithstanding anything to the contrary in Article 4, an Early Termination Date shall automatically and without further notice occur hereunder as of such date wherein Customer shall be treated as the Affected Party. Customer shall have allocated to the Special Fund or its general funds a revenue base that is adequate to cover Customer's payment obligations hereunder throughout the entire Period of Delivery.

4. Add the following language to the end of the first sentence of Section 8.5: , EXCEPT IN RESPECT OF THE APPLICABILITY OF THE ACT AS HEREIN PROVIDED IN WHICH INSTANCE THE LAWS OF THE STATE OF _____ SHALL APPLY.

5 Add the following provision as a separate section at the end of Article 8: **Security**. As security for payment and performance of Customer's obligations hereunder, Customer hereby pledges, sets over, assigns and grants a security interest to Company in all of Customer's right, title and interest in and to all amounts deposited in the Special Fund, including all investments made with such funds and the proceeds thereof. Customer hereby authorizes and directs the depository of the Special Fund to hold all such amounts deposited therein as bailee and custodian for Company.

6 The form of opinion may be sent to Customer as the general form of opinion which Company will accept, but it should not be made a part of the Agreement. Legal suggests that it be sent after the first round of comments are received from Customer. See below.

DRAFT

(Letterhead of Legal Counsel for Customer)

_____
P.O. Box 4428
Houston, Texas 77210-4428

Re: Master Firm Purchase/Sale Agreement dated as of _____, ____ (together with all Transactions entered into in accordance therewith, the "Agreement") between _____ ("City") and _____

Ladies and Gentlemen:

We are attorneys admitted to practice in the State of _____ and are generally familiar with City's affairs. We have examined and are familiar with the documents relating to the creation, organization, existence and operation of City, all necessary documentation of City relating to the authorization, execution, delivery and performance of the Agreement, the Agreement, and such other records and instruments as we deemed advisable. All terms herein capitalized shall have the meanings set forth in the Agreement unless otherwise provided. Based upon the foregoing, we are of the opinion that:

1. City is a _____, duly and validly created, organized and existing under the constitution and laws of the State of _____, including the Act.

2. City has full legal right, power and authority, and has taken all action necessary, to execute, deliver and perform its obligations under the Agreement and any other documentation or agreements, including, without limitation, Transaction Tapes or Confirmations, that City is required to execute, deliver or perform in connection with the Agreement (including the Agreement, the "City Documents"), and City has complied with the provisions of all applicable constitutions, laws, rules, regulations, codes, constituent or governing instruments, resolutions, guidelines, ordinances, orders, writs, judgments, decrees and rulings in all related matters.

3. Each City Document has been duly authorized, executed and delivered by City, is in full force and effect, constitutes the legal, valid and binding obligation of City, and is enforceable against City in accordance with its terms, subject, as to enforceability, to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law).

4. All federal, state and local governmental, public and regulatory authority approvals, consents, authorizations, registrations, licenses, exemptions and filings that are required to have been obtained or made by City with respect to the authorization, execution, delivery and performance by, or the enforcement against or by, City of the City Documents have been obtained and are in full force and effect and all conditions of such approvals, consents, authorizations, registrations, licenses, exemptions and filings have been fully satisfied.

5. The authorization, execution, delivery and performance of the City Documents and compliance with the provisions thereof do not and will not conflict with, violate or constitute a breach of or default under, any instrument relating to the creation, organization, existence or operation of City, any commitment, agreement or other instrument to which City is a party or by which it or its property or assets is bound or affected, or any constitution, law, rule, regulation, government code, resolution, guideline, ordinance, judgment, order, writ, decree or ruling to which City (or any of its officials in their respective capacities) or its property or assets is subject.

6. There is no action, suit, proceeding, inquiry or investigation, at law or in equity or by or before any court, governmental or public board, body, agency or regulatory authority, pending or, to our knowledge, threatened against or affecting City or any of its property or assets which questions or qualifies the right, power or authority of City referred to in paragraph 2 above, the validity of the proceeding taken by City in connection with the authorization, execution, delivery or performance of the City Documents, or the City Documents.

7. City is not in violation or breach of or default under any constitution, law, rule, regulation, government code, resolution, guideline, ordinance, judgment, order, writ, decree, ruling, commitment, agreement or other instrument to which City (or any of its officials in their respective capacities) or its property or assets is subject, the consequence of which or the correction of which could adversely affect the legality, validity, binding effect or enforceability of the City Documents, the ability of City to perform its obligations under the City Documents, or the financial condition or operations of City.

8. There are no statutory or other regulatory impediments affecting City which limit the terms of the Agreement or the obligations of City thereunder for the full term of the Agreement.

9. City is not entitled to claim immunity for itself or its property or assets from service of process, jurisdiction, suit, judgment, execution, attachment (whether before judgment, in aid of execution, or otherwise) or legal process in respect of its contractual obligations under or any contractual liability relating to the City Documents, nor may there be attributed to City or its property or assets any such immunity (whether or not claimed).

10. The obligations of City to make payments under the Agreement constitute operating and maintenance expenses of City payable from general funds, which enjoy first priority of payment at all times under any and all indentures to which it is a party, its constitutional and governing documents and applicable law, and do not constitute any kind of indebtedness of City or any kind of obligation secured by any lien on or security interest in any property or assets of City, that, in any case, is proscribed by any constitution, law, rule, regulation, government code, constituent or governing instrument, resolution, guideline, ordinance, order, writ, judgment, decree or ruling to which City (or any of its officials in their respective capacities) or its property or assets is subject.

Company and Payment Information

Enron North America Corp., a Delaware corporation
Louisiana Gas Marketing Company, a Delaware corporation
Houston Pipe Line Company, a Delaware Corporation

Payments
All Companies, if by check:

Post checks to the following address:

Enron North America Corp.
P.O. Box 840201
Dallas, Texas 75284-0201

Louisiana Gas Marketing Company
P.O. Box 840406
Dallas, Texas 75284-0406

Houston Pipe Line Company
P.O. Box 840316
Dallas, Texas 75284-0316

All Companies, if by wire:

Wire payment to the following account:

Enron North America Corp.
ABA Routing 111000012 Bank of America
Dallas, Texas
Account 3750494099

Louisiana Gas Marketing Company
ABA Routing 111000012 Bank of America
Dallas, Texas
Account 3750472231

Houston Pipe Line Company
ABA Routing 111000012 Bank of America
Dallas, Texas
Account 3750494141

All Companies, if by electronic transfer:

All electronic payments shall be made in accordance with the attached "Electronic Funds Transfer Provisions," incorporated into this Agreement by this reference for all purposes.

Same accounts as wire, see above.