

GENERAL TERMS AND CONDITIONS
(Continued)

4. OPERATING PROCEDURES (Continued)

4.7 Operating Procedures for Rate Schedules LGS-1 and LGS-2 Service:
(Continued)

- b. Paiute has issued an Operational Flow Order (OFO) due to drafting on its system and the party(s) subject to said OFO has available inventory and, in Paiute's sole, good faith judgment, is in noncompliance with said OFO.

In addition, Paiute will control the withdrawal of LNG inventory to provide adequate boil-off from the LNG Plant until the commencement of the next Summer Period. This restriction on the use by Shipper of its inventory shall not prohibit the transfer of the inventory among the Shippers, as provided in Section 4.7(c) (5) hereof.

If Paiute acts pursuant to a. or b. above, such withdrawal of LNG may be solely at the direction of Paiute or may be effectuated directly by Paiute in conjunction with an OFO. Any withdrawal of LNG pursuant to a. above will be applicable to all Shippers having available LNG inventory and will be recorded as scheduled to such Shippers' transportation account(s). Any LNG withdrawn by Paiute pursuant to a. will be allocated pro rata among such Shippers based on contracted Storage Capacity. Any withdrawal of LNG pursuant to b. above will be applicable to the Shipper(s) in noncompliance with the OFO and will be allocated pro rata among such Shipper(s) based upon each such Shipper's relative takes of gas in excess of its scheduled transportation quantities for the Gas Day of such withdrawal by Paiute. If, at the end of the Gas Day of such withdrawal by Paiute, no such Shipper has taken gas on such Gas Day in excess of its scheduled transportation quantities, then the quantities of LNG withdrawn by Paiute will be allocated pro rata among all LNG Shippers based on contracted Storage Capacity. If a Shipper's LNG inventory is depleted or becomes depleted as a result of the withdrawal, the remaining inventory withdrawn will be allocated pro rata to Shippers still having LNG inventory, based on their respective Storage Capacity. Paiute will waive any Scheduling Underrun charges or positive imbalance (underrun) penalties that may result from the accounting for the withdrawal volumes.