

GENERAL TERMS AND CONDITIONS
(Continued)

13. SEGMENTATION AND BACKHAUL TRANSPORTATION (Continued)

13.3 Segmentation With Capacity Release: (Continued)

- (c) Both Releasing and Replacement Shippers may nominate to secondary Receipt Points and/or Delivery Locations anywhere on Paiute's system; provided, however that the combined total of Releasing Shipper's and Replacement Shipper's Nominations for any portion of Paiute's system cannot exceed Releasing Shipper's pre-release applicable Reserved Capacity.
- (d) All segmented releases are subject to the capacity release provisions contained in Sections 14 and 15 of the General Terms and Conditions. New Service Agreements will be deemed to be executed with the Releasing Shipper for the retained segment(s) and the Replacement Shipper for the released segment, as described in the capacity release procedures set forth in Section 14.2(p) of the General Terms and Conditions.
- (e) A Releasing Shipper or Replacement Shipper using segmented capacity for Backhaul Transportation will be subject to the provisions of Sections 13.2(c) and 13.5.

13.4 Pre-Scheduling Adjustments to Nominations:

Before any Nominations for segmented capacity are confirmed for scheduling in accordance with Section 4.2 of the General Terms and Conditions, Paiute will adjust such Nominations, if necessary, as follows:

- (a) If a Shipper's Nominations exceed its applicable Reserved Capacity on any portion of Paiute's system, Nominations will be reduced to equal such Shipper's applicable Reserved Capacity, using the rankings provided by Shipper among its various packages of gas supplies, where applicable.
- (b) If the combined total of Releasing and Replacement Shippers' Nominations for any portion of Paiute's system exceed Releasing Shipper's pre-release applicable Reserved Capacity, Nominations will be reduced to equal such applicable Reserved Capacity in accordance with (1) and (2) below:
 - (1) Within-the-path Nominations will have a higher priority than out-of-path Nominations.