

GENERAL TERMS AND CONDITIONS  
(Continued)

13. SEGMENTATION AND BACKHAUL TRANSPORTATION (Continued)

13.4 Pre-Scheduling Adjustments to Nominations: (Continued)

(2) To the extent that the combined total of Releasing and Replacement Shippers' out-of-path Nominations for any portion of Paiute's system exceed Releasing Shipper's pre-release applicable Reserved Capacity, both the Releasing Shipper's and the Replacement Shipper's Nominations will be reduced on a pro rata basis, based on each Shipper's Nominations, so that the combined Nominations are equal to the Releasing Shipper's pre-release applicable Reserved Capacity.

(c) The above Nominations are subject to further reduction by any applicable LCL contained in Shipper's original Service Agreement.

13.5 A Shipper from time to time may submit a nomination for Backhaul Transportation from the Wadsworth Junction, Opal Valley, or LNG Plant Receipt Points, and Paiute will schedule such service when and to the extent that it is operationally feasible to do so, i.e., when sufficient forward haul quantities have been scheduled. Backhaul Transportation is defined as any transportation of gas that is not flowing in the same direction as gas flowing from the Owyhee Receipt Point to the termini of the system at the California-Nevada border. Segments nominated for Backhaul Transportation are subject to interruption if forward haul transportation is insufficient to provide the displacement necessary to effectuate the Backhaul Transportation. Backhaul Transportation transactions are considered out-of-path, and will be scheduled on a secondary point basis, pursuant to the scheduling provisions in Section 4 of the General Terms and Conditions. Backhaul Transportation must be nominated under an existing firm or interruptible transportation Service Agreement, and will be subject to the rates and contract entitlement levels applicable to such agreement, except as provided in Section 13.2(c) hereof. If any portion of the Backhaul Transportation transaction constitutes a forward haul (for example, from the Wadsworth Junction Receipt Point to a Delivery Location for the Elko Lateral), then the Shipper will be required to provide quantities of Gas Used by Paiute. If no forward haul is involved, Shipper will not be required to provide the Gas Used by Paiute required under Rate Schedules FT-1 and IT-1. If any additional receipt points on the Paiute system become available for Backhaul Transportation service, Paiute will post a notice of such availability on its Internet website within 24 hours of such availability.