FORM OF SERVICE AGREEMENT
FOR RATE SCHEDULE FT-3

This Service Agreement is made and entered into this _____ Day of _____, ____, by and between Nautilus Pipeline Company, L.L.C. (herein called "Transporter") and _____ (herein called "Shipper").

W I T N E S S E T H:

WHEREAS, Transporter owns and operates a pipeline system; and

WHEREAS, Shipper desires to purchase firm transportation service from Transporter;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, Transporter and Shipper do covenant and agree as follows:

ARTICLE I
DEFINITIONS

The terms used in this Service Agreement shall have the meanings set forth herein and in Section 2 of the General Terms and Conditions ("GT&C") of Transporter's Tariff.

ARTICLE II
SCOPE OF AGREEMENT

2.1 Subject to the terms, conditions and limitations hereof, Transporter's Rate Schedule FT-3, and the GT&C of Transporter's Tariff, transportation service hereunder will be firm and Transporter agrees to receive from Shipper during the term of this Service Agreement for Shipper's account quantities of Natural Gas from the OCS Field(s) and Leasehold Interest(s) listed on Exhibit "A" hereto up to the Maximum Daily Transportation Quantities (MDTQs) specified on Exhibit "B" hereto and to deliver to Shipper Thermally Equivalent Quantities.

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2.2 Transporter will receive from Shipper for transportation hereunder daily quantities of Natural Gas up to Shipper's MDTQ at Point(s) of Receipt specified on Exhibit "B" hereto. Transporter will transport and deliver to Shipper such daily quantities tendered up to Shipper's MDTQ at Point(s) of Delivery specified on Exhibit "B" hereto. Any limitations on the quantities to be received by Transporter at each Point of Receipt and/or delivered to each Point of Delivery shall be as specified on Exhibit "B" hereto.

ARTICLE III
TERM OF AGREEMENT

3.1 This Service Agreement shall become effective on _____ and service hereunder will commence on _____; thereafter this Service Agreement shall continue in force for a Primary Term of _____ years and, unless terminated upon one (1) year prior notice, year-to-year thereafter. If service hereunder has not commenced within twelve (12) Months of the later of Shipper's service Request Date or the in-service date of Transporter's Pipeline Facilities, Shipper's request for service and this Service Agreement shall become null and void and of no further legal effect.

3.2 This Service Agreement may be terminated only in accordance with Section 3.1, above, or as provided in Section 17 of Rate Schedule FT-3. Termination of this Service Agreement pursuant to the above provisions triggers pregranted abandonment under Section 7 of the Natural Gas Act as of the effective date of the termination.

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3.3 Any provisions of this Service Agreement necessary to correct or cash out imbalances or to pay all applicable charges will survive the other parts of this Service Agreement until such time as such balancing or payment has been accomplished.

ARTICLE IV
RATE SCHEDULE AND GENERAL TERMS AND CONDITIONS

4.1 Shipper agrees to and will pay Transporter all applicable charges and fees provided for in Rate Schedule FT-3 and the GT&C of Transporter's Tariff, as effective from time to time, for service under this Service Agreement.

4.2 All of the GT&C of Transporter's Tariff and Rate Schedule FT-3 of which this Service Agreement is a part shall be applicable to service hereunder and shall be made a part hereof to the extent that such terms and conditions are not contradicted by any provision herein. In the event of a conflict between the GT&C and Rate Schedule FT-3 or this Service Agreement, the specific provisions of Rate Schedule FT-3 or this Service Agreement shall control. Unless otherwise specifically provided, as between Rate Schedule FT-3 and this Service Agreement, in the event of a conflict, the specific provision of Rate Schedule FT-3 shall control except that such Rate Schedule, Service Agreement, and the GT&C of Transporter's Tariff shall be construed in a manner to be consistent unless the context clearly indicates otherwise.

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4.3 Shipper agrees that Transporter shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in: (i) the rates and charges applicable to Transporter's Rate Schedule FT-3; (ii) the terms and conditions of service for Rate Schedule FT-3 pursuant to which service hereunder is rendered; and/or (iii) any provision of the GT&C of Transporter's Tariff applicable to service under Rate Schedule FT-3. Shipper further agrees that the rates applicable to this Service Agreement shall be subject to discount, adjustment, and change pursuant to Section 27 of the GT&C of Transporter's Tariff. Such discounted rate shall be set forth in Exhibit "C-1". If Shipper subsequently requests and receives a discounted rate for additional quantities of Natural Gas or production reserves, an additional exhibit (designated sequentially as Exhibit "C-2", "C-3", etc.) shall be added to this Service Agreement for each discounted rate. Any Exhibit "C-1" and any additional exhibits (designated sequentially as Exhibit "C-2", "C-3", etc.) are hereby incorporated as part of this Service Agreement for all intents and purposes as if fully copied and set forth herein at length. Transporter agrees that Shipper may protest or contest any such filings or may seek authorization from duly constituted regulatory authorities for such adjustments of Transporter's Tariff as may be necessary to ensure that the provisions in (i), (ii), or (iii) above are consistent with regulatory law and policy.

ARTICLE V
POINT(S) OF RECEIPT AND POINT(S) OF DELIVERY

5.1 The Point(s) of Receipt and Point(s) of Delivery at which Transporter shall receive and deliver Natural Gas, respectively, shall be specified in Exhibit "B" of this Service Agreement.

5.2 Exhibit "B" is hereby incorporated as part of this Service Agreement for all intents and purposes as if fully copied and set forth herein at length.

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ARTICLE VI
QUALITY

All Natural Gas tendered to Transporter by Shipper shall conform to the quality specifications set forth in Section 3 of the GT&C of Transporter's Tariff.

ARTICLE VII
RESERVATIONS

Transporter shall have the right to take actions as may be required to preserve the integrity of Transporter's Pipeline Facilities, including maintenance of service to other firm Shippers.

ARTICLE VIII
GOVERNMENTAL AUTHORIZATIONS

It is hereby agreed that transportation service under this Service Agreement shall be implemented pursuant to any applicable self-implementing authorizations or program of the FERC for which Transporter has filed or in which Transporter has agreed to participate.

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ARTICLE IX
ADDRESSES

Except as otherwise provided herein or as provided in the GT&C of Transporter's Tariff, any notice, request, demand, statement, bill or payment provided for in this Service Agreement, or any notice which any party desires to give to the other, must be in writing and will be considered as duly delivered when received by the party to whom it is sent at the applicable address set forth below:

(a) Transporter:

Nautilus Pipeline Company, L.L.C.
1100 Louisiana, Suite 3300
Houston, Texas 77002
Attention: Contract Administration

(b) Shipper: _____
_____
_____
_____

or such other address, including email addresses if applicable, as either party designates by formal written notice.

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ARTICLE X
ASSIGNMENTS

Any company which succeeds by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper or of Transporter will be entitled to the rights and will be subject to the obligations of its predecessor in title under this Service Agreement. Either Shipper or Transporter may assign or pledge this Service Agreement under the provisions of any mortgage, deed of trust, indenture, bank credit agreement, assignment, receivable sale, or similar instrument which it has executed or may execute hereafter. Shipper may assign this Service Agreement to an assignee(s) of Shipper's interest in the Commitment set forth in Exhibit "A" hereto which is an Affiliate of Shipper and which satisfies the requirements of Rate Schedule FT-3. None of Shipper's right or interest in the Commitment set forth on Exhibit "A" hereto shall be assigned to an unrelated third party without the prior written consent of Transporter, which consent shall not be unreasonably withheld.

ARTICLE XI
NONRECOURSE OBLIGATION OF
LIMITED LIABILITY COMPANY,
MEMBERS AND OPERATOR

Shipper acknowledges and agrees that (a) Transporter is a Delaware limited liability company; (b) Shipper shall have no recourse against any member of Transporter with respect to Transporter's obligations under this Service Agreement and its sole recourse shall be against the assets of Transporter, irrespective of any failure to comply with applicable law or any provision of this Service Agreement; (c) no claim shall

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FOR RATE SCHEDULE FT-3

be made against any member of Transporter under or in connection with this Service Agreement; (d) no claims shall be made against the Operator, its officers, employees, and agents, under or in connection with this Service Agreement and the performance of its duties as Operator (provided that this provision shall not bar claims resulting from the gross negligence or willful misconduct of the Operator) and Shipper shall provide the Operator with a waiver of subrogation of Shipper's insurance company for all such claims; and (e) this representation is made expressly for the benefit of the members in Transporter and the Operator.

ARTICLE XII
INTERPRETATION

12.1 The parties hereto agree that the interpretation and performance of this Service Agreement must be in accordance with the laws of the State of Texas without recourse to the law governing conflict of laws which would require the application of the laws of another state.

12.2 This Service Agreement and the obligations of the parties are subject to all present and future valid laws with respect to the subject matter, State and Federal, and to all valid present and future orders, rules, and regulations of duly constituted authorities having jurisdiction.

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ARTICLE XIII
WAIVER

Any waiver by either Shipper or Transporter of performance due to the other under this Service Agreement shall be without prejudice to the right of the waiving party to demand future performance by the other party which is in strict compliance with the terms of this Service Agreement.

ARTICLE XIV
THIRD PARTY RIGHTS

This Service Agreement is for the sole and exclusive benefit of Shipper and Transporter. Nothing expressed or implied hereunder is intended to benefit any other Person or entity. No such Person or entity shall have any legal or equitable right, remedy, or claim under any provision of this Service Agreement.

ARTICLE XV
CANCELLATION OF PRIOR CONTRACT(S)

This Service Agreement supersedes and cancels, as of the effective date of this Service Agreement, the contract(s) between the parties hereto as described below:

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IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be executed by their respective duly authorized officers, the Day and year first above written.

NAUTILUS PIPELINE COMPANY, L.L.C.

By:_____

Name:_____

Title:_____

(SHIPPER)

By:_____

Name:_____

Title:_____

EXHIBIT "A"
to
SERVICE AGREEMENT UNDER RATE SCHEDULE FT-3
BETWEEN
NAUTILUS PIPELINE COMPANY, L.L.C.
("TRANSPORTER")
AND

_____ ("SHIPPER")

DATED _____

SHIPPER'S COMMITMENT

OCS Field(s)

Leasehold Interest(s)

Signed for Identification
Transporter:_____
Shipper:_____
Supersedes Exhibit "A" Dated_____

EXHIBIT "B"
TO
SERVICE AGREEMENT UNDER RATE SCHEDULE FT-3
BETWEEN
NAUTILUS PIPELINE COMPANY, L.L.C.
("TRANSPORTER")
AND

_____ ("SHIPPER")

DATED _____

Delivery Period		Receipt Point Ship Shoal 207 MDTQ	Delivery Point(s) (Name) MDTQ	Delivery Point(s) (Name) MDTQ	Minimum Delivery Pressure, if applicable
FROM mm/dd/yyyy	TO mm/dd/yyyy				

Signed for Identification
Transporter:_____
Shipper:_____
Supersedes Exhibit "B" Dated_____

EXHIBIT "C-_"
to
SERVICE AGREEMENT UNDER RATE SCHEDULE FT-3
BETWEEN
NAUTILUS PIPELINE COMPANY, L.L.C.
("TRANSPORTER")
AND
_____ ("SHIPPER")

Discount Information

Dated:_____

Discounted Transportation Rate:_____

Discounted Rate Effective: From:_____ To:_____

___ Life of Reserves/Lease

___ Evergreen: ___ Year-to-Year
___ Month-to-Month

Condition for Discounted Transportation Rate (check applicable condition(s)):

____ Discounted Transportation Rate applicable to specified quantities under Shipper's Service Agreement(s):
_____ Dth

____ Discounted Transportation Rate applicable to specified quantities above or below a certain level or all quantities if quantities exceed a certain level:

Discounted Transportation Rate applicable to _____ Dth above/below _____ Dth
or
Discounted Transportation Rate applicable to all quantities above _____ Dth

____ Discounted Transportation Rate applicable in a specified relationship to quantities actually transported:

Adjustment in Transportation Rate:_____ (based on _____ Dth actually transported)

____ Discounted Transportation Rate applicable to specified quantities during specified periods of time or during specified periods of the year:

_____ Dth for the following time period(s):
_____

____ Discounted Transportation Rate applicable to specified quantities at specific Point(s) of Receipt or Point(s) of Delivery:

Point(s) of Receipt:_____
Point(s) of Delivery:_____

____ Discounted Transportation Rate applicable to production reserves committed or dedicated by Shipper:

Production Reserves:_____ [Field or Block]

____ Discounted Transportation Rate based on published index prices for specific Point(s) of Receipt and/or Point(s) of Delivery or other agreed-upon published pricing reference points (based upon the differential between published prices or arrived at by formula):

Index Price(s): _____
_____

_____ Differential between Index Prices
or
_____ Formula:_____

In no event shall the discounted rate established as set forth above exceed the otherwise applicable maximum lawful rate.

Signed for Identification

Transporter:_____

Shipper:_____

Supersedes Exhibit "C-_" Dated:_____