

GAS GATHERING AND SERVICES AGREEMENT

TRATON ENGINEERING ASSOCIATES, L.P.

AND

CRESTWOOD ARKANSAS PIPELINE LLC

Van Buren County, Arkansas

Effective Date: November 15, 2011

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EXHIBIT A DEDICATED AREA

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GAS GATHERING AND SERVICES AGREEMENT

THIS GAS GATHERING AND SERVICES AGREEMENT (the "Agreement") is made and entered into as of November 1, 2011 (the "Effective Date"), by and between CRESTWOOD ARKANSAS PIPELINE LLC, a Texas limited liability company ("Gatherer"), and TRATON ENGINEERING ASSOCIATES, L.P., a _____ limited partnership ("Producer"). Gatherer and Producer are sometimes referred to herein collectively as the "Parties" and individually as a "Party."

WITNESSETH, THAT:

WHEREAS, Producer owns or controls Gas production from various wells on the lands within the Dedicated Area and desires to have Gatherer gather such Gas for redelivery to Producer or Producer's Transporter; and

WHEREAS, Gatherer desires to gather such Gas for Producer in the Gathering System, and deliver such Gas to Producer or Producer's Transporter, subject to the terms and conditions herein.

NOW, THEREFORE, for good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby set forth and acknowledged, and for all of the representations, warranties and mutual covenants set forth herein, Gatherer and Producer agree as follows:

ARTICLE I DEFINITIONS; CONSTRUCTION; INTERPRETATION

1.1 Definitions. For the purpose of this Agreement, the following terms and expressions used herein are defined as follows:

- a. "Affiliate" means any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with another Person. For purposes of this definition, the term "control" (including its derivatives and similar terms) means possessing the power to direct or cause the direction of the management and policies of a Person, whether through ownership, by contract, or otherwise. Any Person shall be deemed to be an Affiliate of any specified Person or entity if such Person or entity owns 50% or more of the voting securities of the specified Person, if the specified Person owns 50% or more of the voting securities of such Person, or if 50% or more of the voting securities of the specified Person and such Person are under common control.**
- b. "Btu" shall mean one British thermal unit, which is the quantity of heat required to raise one pound avoirdupois of pure water from 58.5**

degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 psia.

- c. **“Central Clock Time” shall mean Central Time, as adjusted for Daylight Savings Time.**
- d. **"Component" shall mean those hydrocarbon and non-hydrocarbon molecular constituents which are definable by industry standards and procedures. Such Components as used in this Agreement shall be:**

**N2 - Nitrogen
CO2 - Carbon Dioxide
H2S - Hydrogen Sulfide
C1 - Methane
C2 - Ethane
C3 - Propane
iC4 - Iso-butane
nC4 - Normal Butane
iC5 - Iso-pentane
nC5 - Normal Pentane
C6+ - Hexanes and Heavier Compounds**

- e. **“Contract Year” shall mean a period commencing on the Effective Date and ending at 9:00 AM Central Clock Time on the same Day and Month of the following calendar year, and each succeeding twelve (12) Month period thereafter.**
- f. **“CPI-U” shall mean the Consumer Price Index, All Urban Consumers, U.S. city average, all items, as determined and published by the U.S. Department of Labor Statistics (the “BLS”) or any successor agency thereof, with base year of 2011. The CPI-U Index shall be taken from the data published by the BLS, as of the Effective Date hereof, electronically at the internet address of <http://ftp.bls.gov/pub/special.requests/cpi/cpi.ai.txt> or at any successor electronic address or as same is published in hardcopy form.**
- g. **“Day” shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 AM Central Clock Time on a calendar day and ending at 9:00 AM Central Clock Time the following calendar day.**
- h. **“Dedicated Area” shall mean that area located within a five (5) mile radius of the Gathering System, encompassing all wells, acreage, leasehold interests, and oil and gas interests and rights held by Producer and its Affiliates, identified on Exhibit A which is attached**

hereto and made a part hereof for all purposes, which Exhibit may be amended by the Parties from time to time.

- i. **“Dedication” shall have the meaning set forth in Section 2.1.**
- j. **“Dedicated Gas” shall have the meaning set forth in Section 2.1.**
- k. **“Delivery Point(s)” shall mean the points of interconnect between the Gathering System and facilities of Transporters receiving Producer’s Gas, all as listed on Exhibit B which may be amended from time to time to reflect the addition or deletion of a Delivery Point.**
- l. **“Escalation Date” shall mean January 1 of the first calendar year following the Effective Date and each January 1 thereafter during the Term.**
- m. **“Fuel” shall mean the total MMBtu’s of (i) Gas received from Producer at Receipt Point(s) and used for fuel for operating field compression and related equipment, and (ii) Gas that is consumed or lost through piping, equipment, operations, measurement losses or inaccuracies, or variations in temperature or pressure, or is vented, flared or lost in connection with the operation of the Gathering System, which amounts shall be determined in accordance with ARTICLE X, and retained by Gatherer on a monthly basis at no cost.**
- n. **“Gas” means any mixture of gaseous hydrocarbons, or of hydrocarbons and other gases, in a gaseous state, consisting primarily of methane, which is owned or controlled by Producer or its successors or assigns and produced into the Producer’s System, and delivered by Producer to Gatherer into the Gathering System at the Receipt Points, including casinghead gas produced with crude oil, gas from gas wells produced in association with crude oil (associated gas), gas from condensate wells (non-associated gas), Components, and shall include any inerts or impurities contained therein.**
- o. **“Gatherer Indemnified Parties” shall mean Gatherer, its successors and permitted assigns, and their respective Affiliates, subsidiaries, shareholders, members, partners, officers, directors, employees, and agents.**
- p. **“Gathering System” shall mean, but shall in no way be limited to, the existing gas gathering pipelines, fuel gas pipelines, dehydration facilities, compression facilities, junctions, heaters, meters, separators, electric power lines, communications cables, roads, and other related facilities and equipment, including all applicable easements, located in Van Buren County, Arkansas, that are necessary and used to gather and transport Gas from the Receipt**

Points to the Delivery Points, and shall include any expansion of the Gathering System as provided in Section 4.3.

- q. “Law” means any federal, state, or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, statute, order, rule, regulation, judgment, decree, injunction, ruling or other similar requirement enacted, adopted, promulgated or applied by a governmental authority, court, agency, commission, or official having competent authority and jurisdiction applicable to the Parties, the Gathering System, or the facilities of Producer.**
- r. “Loss” means any actual loss, cost, expense, liability, damage, demand, suit, sanction, cause of action, claim, judgment, lien, fine or penalty, including court costs and reasonable attorneys’ fees.**
- s. “Mcf” shall mean 1,000 standard cubic feet of gas.**
- t. “MMBtu” shall mean 1,000,000 Btus.**
- u. “MMcf” shall mean 1,000,000 standard cubic feet of gas.**
- v. “MMcfd” shall mean 1,000,000 standard cubic feet of gas per day.**
- w. “Month,” “billing month,” “period,” and “accounting period” shall mean the period beginning at 9:00 AM Central Clock Time on the first day of a calendar month and ending at 9:00 AM Central Clock Time on the first day of the next succeeding calendar month.**
- x. “Nomination” shall mean a nomination of Dedicated Gas to the Gathering System for the provision of Services hereunder which nomination meets the requirements of Section 6.2.**
- y. “Person” means any individual, firm, corporation, trust, partnership, limited liability company, association, joint venture, other business enterprise, or governmental authority.**
- z. “psia” shall mean pounds per square inch absolute.**
- aa. “psig” shall mean pounds per square inch gauge.**
- bb. “Receipt Point” shall mean each of the inlet flanges where Gas is delivered into the Gathering System, all as listed on Exhibit B which may be amended from time to time to reflect the addition or deletion of a Receipt Point.**
- cc. “SCF” or “standard cubic foot of gas” shall mean the volume of Gas necessary to fill a cubic foot of space when the Gas is at a pressure of 14.65 psia and a temperature of 60 degrees Fahrenheit.**

- dd. **“Services” shall mean the gathering of Dedicated Gas under this Agreement.**
- ee. **“Taxes” shall mean all gross production, severance, conservation, ad valorem and similar or other taxes measured by or based upon production, together with all taxes on the right or privilege of ownership of the Dedicated Gas, or upon the gathering, transportation, handling, transmission, compression, processing, treating, conditioning, distribution, sale, use, receipt, delivery or redelivery of the Dedicated Gas, including all of the foregoing now existing or in the future imposed or promulgated.**
- ff. **“Term” shall have the meaning set forth in Article XVII of this Agreement.**
- gg. **“Transporter” shall mean the receiving pipeline(s) downstream of the Gathering System into which the Gas gathered hereunder is to be delivered at the Delivery Point(s).**

1.2 Rules of Construction and Interpretation. In construing this Agreement, the following principles shall be followed:

- a. **no consideration shall be given to the fact or presumption that one Party had a greater or lesser hand in drafting this Agreement;**
- b. **the word “includes” and its syntactical variants mean “includes, but is not limited to” and corresponding syntactical variant expressions;**
- c. **the plural shall be deemed to include the singular and vice versa, as applicable; and**
- d. **reference to any Person includes such Person’s permitted successors and assigns (or in relation to a Party, such Party’s successors and permitted assigns), and reference to any Law, document, instrument or agreement means such Law, document, instrument or agreement as modified, supplemented, renewed or replaced from time to time.**

ARTICLE II COMMITMENT OF GAS

2.1 Dedication. Producer for itself and its successors and/or assigns, hereby dedicates for gathering under this Agreement and shall deliver, or cause to be delivered, to Gatherer, at the Receipt Points, (i) all Gas produced from all well(s) now or hereafter located within the Dedicated Area or on lands pooled or unitized therewith which is attributable to interests now owned or hereafter acquired by Producer and/or its Affiliates and their respective successors and assigns and (ii) with respect to such wells in which Producer and/or any of its Affiliates is the

operator, Gas produced from such wells which is attributable to the interests in such wells owned by other working interest owners and royalty owners which is not taken "in-kind" by such working interest owners and royalty owners and for which Producer and/or its Affiliates has the right or obligation to deliver such Gas, but only for the period that Producer and/or its Affiliates has such right or obligation (the "Dedication," and the Gas that is the subject of the Dedication being referred to as "Dedicated Gas").

2.2 No Prior Dedication. Producer represents and warrants to Gatherer that as of the Effective Date, none of the Interests within the Dedicated Area owned by Producer and/or its Affiliates are subject to a prior dedication or commitment for gathering Services.

2.3 Subsequently Acquired Interests. In the event that after the Effective Date Producer and/or its Affiliates acquires Interests within the Dedicated Area, then, the Gas produced from such Interests shall automatically be included within the Dedication; provided, however, if any of the Gas produced from such Interests is subject to a prior written dedication or commitment for transportation services at the time of any such acquisition, then such Gas shall be excluded from the Dedication until such prior dedication or commitment expires. In the event that any such prior dedication or commitment expires or terminates, then the Gas subject to such prior dedication or commitment shall automatically be included within the Dedication and subject to this Agreement without any further actions by the Parties. In the event that at any time in the future Producer or its Affiliates has the right or ability to terminate any such prior dedication or commitment, then Producer shall promptly terminate, or cause its Affiliate to terminate, such prior dedication or commitment, and upon such termination, the Gas subject to such prior dedication or commitment shall automatically be included in the Dedication for all purposes under this Agreement without any further actions by the Parties. Nothing herein shall obligate Producer to terminate any prior commitment or dedication to the extent that such termination would require Producer to pay any penalty; provided, however, that Producer shall provide Gatherer with reasonable notice of any such termination option and Gatherer may, at its sole option, require Producer to terminate such dedication or commitment and Gatherer shall reimburse Producer for any penalty incurred by Producer in connection with such termination.

2.4 Covenant Running With the Land. So long as this Agreement is in effect, this Agreement shall (i) be a covenant running with the Interests now owned or hereafter acquired by Producer and/or its Affiliates within the Dedicated Area and (ii) be binding on and enforceable by Gatherer and its successors and assigns against Producer and/or its successors and assigns.

2.5 Memorandum of Agreement. Upon the request of either Party, the Parties agree to execute, acknowledge, deliver and record a "short form" Memorandum of this Agreement suitable for recording in the counties in which the Dedicated Area is located.

2.6 No Upstream Processing. Except as expressly provided in this Section 2.6, Producer shall not remove or permit to be removed any liquefiable hydrocarbons, Components, or condensate from Dedicated Gas prior to delivery to Gatherer. Producer may remove liquefiable hydrocarbons and condensate from the Dedicated Gas prior to delivery to Gatherer by means of mechanical gas-liquid separators. If mechanical cooling is performed by Producer to meet the Specifications, then Producer shall not reduce the temperature of the Dedicated Gas to below 120 degrees Fahrenheit.

ARTICLE III SERVICES; CONVEYANCE; RESERVATIONS OF PRODUCER

3.1 Tender of Gas and Gathering Services. Producer shall tender all Dedicated Gas to the Receipt Points for the provision of Services hereunder. Gatherer shall, subject to the available capacity of the Facilities, receive and accept Dedicated Gas delivered by Producer at the Receipt Points. The Parties acknowledge that upon receipt of Dedicated Gas into the Gathering System such Gas may be commingled with other gas in the Gathering System, and that as a result, MMBtus of Gas delivered by Gatherer for Producer's account at the Delivery Point(s) may not be the same Gas as the Gas received at the Receipt Point(s).

3.2 Conveyance of Rights to Gatherer. Producer hereby grants to Gatherer the right to consume Dedicated Gas as Fuel in connection with the provision of the Services hereunder.

3.3 Producer Reservations. Producer reserves the right to withhold from delivery such Gas as may be required for cycling, recycling, repressuring, pressure maintenance, and gas lift operations with respect to the Dedicated Gas; provided, however, that the Gas used in such operations but not consumed shall be subject to the terms of this Agreement and delivered to Gatherer following the cessation of such operations.

3.4 Increases in Available Capacity. In the event that Producer reasonably expects the daily quantity of Dedicated Gas available for delivery hereunder to exceed the available capacity of the Facilities at some point in the future and (ii) reservoir and technical information for Producer's properties located within the Dedicated Area supports the need for additional capacity hereunder, as reasonably determined by Gatherer, then Producer may give written notice to Gatherer requesting an increase in the available capacity hereunder, but not more than an amount reasonably justified by such reservoir and technical information (a "Capacity Increase Notice"). Within ninety (90) days after Gatherer's receipt of a Capacity Increase Notice, Gatherer shall respond to Producer in writing whether Gatherer will grant Producer's request for an increase in the available capacity; provided, however, Gatherer shall not be obligated to make such increase in the available capacity effective earlier than a mutually agreeable time period after the date of such Capacity Increase Notice. If Gatherer grants Producer's request to

increase the available capacity pursuant to this Section 3.4, then the Parties shall enter into an amendment of this Agreement, which amendment shall (1) contain such amendments as are reasonably necessitated by such changes in available capacity, and (2) otherwise be in form and substance reasonably acceptable to the Parties.

ARTICLE IV RECEIPT POINT(S), DELIVERY POINT(S), AND PRESSURE

4.1 Producer Facilities. Producer, at its own expense, shall construct, equip, maintain, and operate all facilities (including, but not limited to, all necessary taps on pipelines, separation, and/or compression equipment) necessary to deliver Dedicated Gas to Gatherer at the Receipt Point(s) at such pressure as is required and sufficient to enter the Gathering System. Gatherer shall endeavor to maintain a pressure of fifty (50) psig at the inlet of its compressor station. Producer shall install and maintain sufficient pressure regulating equipment upstream of the Receipt Points in order to keep the pressure of the Gas delivered to Gatherer from interfering with the accurate measurement of such Gas at such Receipt Points.

4.2 Gatherer Facilities. After the Effective Date, Gatherer, shall at its own expense, commence the design, construction and installation of a gathering pipeline to connect the Gathering System to the Dedicated Area, and shall provide Producer with reasonable advance notice to Producer to enable Producer to commence deliveries of Dedicated Gas for the performance of Services hereunder. Gatherer, at its own expense, shall install, construct and equip all meters and facilities necessary to measure the Gas at the Receipt Points. Gatherer, at its own expense, shall maintain and operate such meters throughout the term of this Agreement.

4.3 Facilities. Gatherer shall not be obligated to add to or modify its Gathering System or expand the capacity of the Gathering System, or any portion thereof, in any manner in order to provide services to Producer, including, but not limited to providing conditioning, treating, dehydration, compression, processing, or other services or associated facilities in order to receive Gas at an existing or new Receipt Points, or to deliver Gas to new Delivery Points. Producer may request, in writing, that Gatherer expand facilities or add new Receipt Points, or Delivery Points, or provide additional services. Gatherer shall determine, in its sole discretion, whether it will construct the facilities necessary to provide such requested services. In the event Gatherer agrees to provide such services, then Gatherer shall have the right to re-determine the fees to be charged hereunder and/or to establish the fees for such additional services. Producer shall install and operate or cause the installation and operation of all facilities necessary to deliver Dedicated Gas to Gatherer at the Receipt Points.

4.4 Drilling and Well Information. Producer agrees to work in good faith with Gatherer to keep Gatherer apprised on an on-going basis of Producer's and its Affiliates drilling plans and drilling and completion schedule within the Dedicated Area. In conjunction with the foregoing, the Parties shall determine the expected date when first Gas flows will occur for each well involving Gas committed to Gatherer. Producer shall also provide Gatherer with reasonable advance notice of scheduled well shut-ins.

ARTICLE V REGULATION OF PRODUCTION

5.1 Producer to Regulate Production. It is understood and agreed by the Parties that in order for Gatherer to maintain maximum efficiency in the Gathering System, and in order to prevent flaring and/or bypassing of Gas, it will be necessary to maintain a uniform rate of flow of Gas to the Gathering System from all sources during each twenty-four (24) hour period. Therefore, Producer agrees that it will cooperate with Gatherer in regulating the flow rate of the Gas and in establishing a producing schedule to deliver on a best efforts basis the Gas at a uniform and continuous flow rate.

5.2 The Parties acknowledge that the Gathering System is connected to the facilities of Transporter(s) and other third party pipelines and, as a result, Gatherer shall be, from time to time, subject to certain requirements imposed by those pipelines. Accordingly, Gatherer shall have the right under this Agreement to require Producer to comply with the same third party pipeline requirements with which Gatherer must comply. **PRODUCER AGREES TO INDEMNIFY, DEFEND AND HOLD GATHERER INDEMNIFIED PARTIES HARMLESS FROM PRODUCER'S FAILURE TO COMPLY WITH TRANSPORTER'S OR SUCH THIRD PARTY PIPELINE REQUIREMENTS**

ARTICLE VI QUANTITY

6.1 Operation of Facilities. Producer shall deliver 100% of the Dedicated Gas exclusively to Gatherer during the Term of this Agreement, and subject to the then-existing Gathering System physical capacity, operating constraints, and the terms of this Agreement, Gatherer shall endeavor to take that volume of Gas delivered by Producer at the Receipt Points. Gatherer shall regulate the flow of Gas in the Gathering System in the quantities and at the times required to prudently operate same and/or to meet the fluctuating condition of Gatherer's and Producer's markets. Gatherer may, from time to time, find it necessary to shut off entirely or restrict the flow of Gas to the Gathering System; notwithstanding anything herein to the contrary, in such event, Gatherer shall not be liable to Producer for the resulting effect thereof. Gatherer shall provide Producer prior notice of any shut down due to routine maintenance and shall diligently work to minimize the amount of such downtime. Gatherer shall be entitled to rely on information (including statements and allocations) from the operator of any well

or central delivery point delivering Gas into the Gathering System, in determining the quantities of Gas received, or to be received, hereunder from such well or central delivery point.

6.2 Nominations.

- a. Producer (or its agent) shall nominate to Gatherer in writing, not less than five (5) business days prior to the first day of each Month during the Term of the Agreement the daily quantity of Gas (expressed in Mcfs and MMBtus) that Producer shall deliver to Gatherer at the Receipt Points for gathering during such Month.
- b. Gatherer and Producer shall designate Gas schedulers who shall be continuously on call for nomination purposes, and shall notify each other in writing of such Gas schedulers and their telephone numbers.
- c. Producer's Gas schedulers shall notify Gatherer's Gas schedulers in advance of any anticipated increase or decrease in delivery rate below the daily nominated quantity. Producer's Gas schedulers must obtain the prior written approval from Gatherer's Gas schedulers for any delivery rate in excess of the daily quantity rate. Gatherer's Gas schedulers shall notify Producer's Gas schedulers, by email, of any anticipated inability to receive the Gas at a delivery rate less than (a) the daily nominated quantity rate; or (b) a previously authorized by email delivery rate in excess of the daily nominated quantity rate.
- d. Gatherer shall have the right to refuse receipt of volumes of Dedicated Gas from Producer to the extent they exceed Nominations for any cycle. In that regard, Gatherer may require that Producer cease or curtail deliveries of Dedicated Gas to match production with Nominations.

6.3 Pro-ration of Available Capacity. If insufficient capacity or operating constraints exist on the Gathering System for Gatherer's provision of Services with respect to all the Gas, the capacity will be prorated by Gatherer in its sole discretion, for all Gas dedicated to the Gathering System, without undue discrimination.

6.4 Expansion of Gathering Capacity. Gatherer shall have the right, but not the obligation, to expand the Gathering System, or build a Gas processing plant, and in such event, the Dedicated Gas, or a portion thereof, may be gathered or processed by Gatherer, in its sole discretion, in the new facilities in accordance with the terms of this Agreement.

6.5 Imbalances. Producer shall use its best efforts to achieve, on a daily basis, an operational balance between deliveries of Gas at the Receipt Point(s) and MMBtus attributable to such Gas to be delivered at the Delivery Points. Producer shall monitor and correct imbalances between Producer and its Transporters, and

as between Producer and Gatherer, Producer shall be solely responsible for, and indemnify and hold the Gatherer Indemnified Parties harmless from any imbalances, penalties, cash-out payments, or other consequences of any failure to submit timely and proper nominations in accordance with the requirements herein or of Transporter(s), or the failure to deliver or receive quantities of Gas in accordance with Producer's nominations.

ARTICLE VII QUALITY

7.1 Gas Specifications. Producer warrants that the Gas delivered at the Receipt Points will meet the following quality specifications, and Gatherer shall not be obligated to receive, gather and process (as the case may be) Gas delivered hereunder that is not merchantable or fails to meet (i) the quality specifications of Gather or any downstream pipeline(s) or (ii) the following specifications (collectively, the "Specifications"):

- a. The Gas must be commercial in quality and free from any foreign materials such as dirt, dust, iron particles, crude oil, dark condensate, and other impurities; and substances which may be harmful, hazardous, toxic or injurious to the Gathering System or pipelines or which may interfere with the gathering, transmission, or commercial utilization of gas;
- b. The Gas shall contain no water or hydrocarbons in liquid form;
- c. The Gas delivered hereunder shall not exceed a temperature of 120 degrees Fahrenheit at the Receipt Point(s);
- d. The Gas delivered hereunder shall not contain more than:
 - (i) one-fourth grain of hydrogen sulfide, or five grains of total sulfur, or one grain mercaptan per one hundred (100) SCF;
 - (ii) one part per million by volume of oxygen;
 - (iii) two percent by volume of carbon dioxide; or
 - (iv) one percent by volume of nitrogen; or
 - (v) two percent by volume of a combined total of inerts, including, but not limited to, carbon dioxide and nitrogen Components.
- e. No diluents such as carbon dioxide, air, or nitrogen shall be added to the Gas;

- f. The Gas shall contain no carbon monoxide, halogens, or unsaturated hydrocarbons, and no more than 0.1 parts per million of hydrogen; and
- g. The Gas shall contain no less than 975 Btu per SCF.

In the event of any conflict as between a Transporter's specifications and those appearing above in this Section 7.1, the most stringent or restrictive specifications shall be applicable to the Gas proffered under this Agreement.

7.2 Failure to Meet Specifications. If any of the Gas delivered by Producer hereunder should fail to meet the Specifications, Gatherer may, in its sole discretion, elect to (i) accept such Gas, (ii) accept, but treat and/or condition such Gas prior to gathering at an additional cost, or (iii) refuse to accept such Gas. **ACCEPTANCE BY GATHERER OF GAS THAT DOES NOT CONFORM TO THE SPECIFICATIONS SHALL NOT CONSTITUTE A WAIVER OF THE SPECIFICATIONS WITH RESPECT TO SUCH GAS OR ANY CLAIM FOR DAMAGES DUE TO SUCH FAILURE TO CONFORM, UNLESS GATHERER HAS AGREED IN WRITING TO ACCEPT SUCH NON-CONFORMING GAS AND EXPRESSLY WAIVES ITS CLAIMS FOR DAMAGE RESULTING THEREFROM. ACCEPTANCE BY GATHERER OF GAS THAT DOES NOT CONFORM TO THE SPECIFICATIONS SHALL NOT CONSTITUTE A WAIVER OF THE SPECIFICATIONS WITH REGARD TO GAS DELIVERED UNDER THIS AGREEMENT IN THE FUTURE. PRODUCER AGREES TO INDEMNIFY, DEFEND AND HOLD GATHERER INDEMNIFIED PARTIES HARMLESS FROM PRODUCER'S FAILURE TO COMPLY WITH TRANSPORTER'S OR SUCH THIRD PARTY PIPELINE REQUIREMENTS.**

7.3 Non-Conforming Gas. If Gatherer elects to accept but treat and/or condition the non-conforming Gas prior to gathering, Gatherer shall advise the Producer of such election and associated fees. Producer shall then have a maximum of thirty (30) Days to advise Gatherer if it will treat and/or condition such non-conforming Gas. If Producer does not elect to treat and/or condition such non-conforming Gas or fails to make such election within the specified time period, then Gatherer shall have the right to (a) proceed with gathering such non-conforming Gas and Producer shall pay to Gatherer all costs associated with such actions or (b) reject and release such non-conforming Gas from the terms of the Agreement.

7.4 Indemnification for Non-Conforming Gas. **PRODUCER AGREES TO DEFEND, INDEMNIFY AND HOLD THE GATHERER INDEMNIFIED PARTIES HARMLESS FROM AND AGAINST ALL LOSSES ARISING OUT OF, RESULTING FROM OR CAUSED BY THE DELIVERY OF GAS TO THE RECEIPT POINTS THAT DOES NOT CONFORM TO THE SPECIFICATIONS, UNLESS GATHERER HAS AGREED IN WRITING TO ACCEPT SUCH NON-CONFORMING GAS AND EXPRESSLY WAIVES ITS CLAIMS FOR DAMAGE RESULTING THEREFROM AS PROVIDED IN SECTION 7.2 ABOVE.**

7.5 Producer's Carbon Dioxide.

- a. Producer shall at all times retain title to all carbon dioxide removed from Gas tendered by Producer under this Agreement ("Producer's Carbon Dioxide"), whether removed by Producer or Gatherer. To the extent Gatherer removes Producer's Carbon Dioxide from such Gas and Producer has not made arrangements to utilize, market, or dispose of Producer's Carbon Dioxide, Gatherer shall dispose of Producer's Carbon Dioxide by venting. If (i) venting Producer's Carbon Dioxide is ever disallowed for any reason or is deemed to be uneconomic by Gatherer, or (ii) additional costs are required to vent, dispose of, or handle Producer's Carbon Dioxide due to new Laws, then Producer shall make alternate arrangements to utilize, market, and/or dispose of Producer's Carbon Dioxide at Producer's sole cost and expense and shall reimburse Gatherer for any costs incurred by Gatherer for delivering Producer's Carbon Dioxide. PRODUCER SHALL RELEASE, INDEMNIFY, DEFEND, AND HOLD HARMLESS THE GATHERER INDEMNIFIED PARTIES FROM AND AGAINST ANY AND ALL LOSSES ARISING FROM INJURY TO AND DEATH OF PERSONS, PROPERTY DAMAGE, OR PENALTIES FOR ENVIRONMENTAL DAMAGE, POLLUTION, AND CONTAMINATION, CAUSED OR RESULTING FROM PRODUCER'S CARBON DIOXIDE, INCLUDING, WITHOUT LIMITATION, THE UTILIZATION, MARKETING, OR DISPOSAL THEREOF.**
- b. Notwithstanding anything contained in this Agreement to the contrary, in the event there is an enactment of, or change in, any Law after the Effective Date of this Agreement which, in Gatherer's sole determination, results in a governmental authority requiring Gatherer to hold or acquire emission allowances or their equivalent related to the carbon dioxide content or emissions or the greenhouse gas content or emissions attributable to Producer's Gas and/or the gathering, or transportation of such Gas (collectively, "Producer's GHG Emissions"), then Producer will provide those allowances to Gatherer in a timely manner (or indemnify and hold harmless the Gatherer Indemnified Parties for any Losses arising out of Producer's failure to do so). If Producer fails to provide such emission allowances and Gatherer incurs an expense to acquire such allowances in the marketplace, or incurs any costs or expenses for disposal or treating of carbon dioxide, or otherwise, or if any other additional economic burden is placed on Gatherer in connection with or related to Producer's GHG Emissions, including but not limited to any tax, assessment, or other cost or expense (collectively, "Emissions Charges"), such Emissions Charges shall be fully the responsibility of Producer. Should Gatherer incur any such Emissions Charges, Producer shall reimburse Gatherer for same within ten (10) Days of receipt of Gatherer's invoice.**

ARTICLE VIII TESTS

8.1 Testing. Producer and Gatherer hereby agree as follows:

- a. Gatherer shall procure or cause to be procured a sample of Gas at each Receipt Point and analyze the samples by chromatographic analysis to determine the Component content (mole percent), specific gravity, the Btu content thereof.
- b. Tests provided for in Subparagraph (a) of this Section 8.1 shall be made by Gatherer, at its sole cost, using its own equipment or by an independent testing service, at reasonable intervals, but not more often than once in each six Month period. Gatherer may test more frequently in its sole discretion. Such tests shall be made in accordance with approved engineering practices. Gatherer shall give Producer ten (10) Days' notice in advance of such test so that the latter may, at its election, be present in person or by its representative to observe adjustments, if any are made.

8.2 Physical Standards. Physical constants required for making calculations hereunder shall be taken from the Gas Processors Association *Table of Physical Properties for Hydrocarbons and Other Compounds of Interest to the Natural Gas Industry*, Constants Publication No. 2145 as amended from time to time. Physical constants for the hexanes and heavier hydrocarbons portion of hydrocarbon mixtures shall be assumed to be the same as the physical constants for hexane.

ARTICLE IX MEASUREMENT AND METER TESTING

9.1 Unit of Measurement. The unit of volume for measurement of Gas delivered hereunder shall be one Mcf at a base temperature of 60 degrees Fahrenheit and at an absolute pressure of 14.73 psia and saturated with water vapor. All fundamental constants, observations, records, and procedures involved in determining the quantity of Gas delivered hereunder shall be in accordance with the standards prescribed in Report Nos. 3 and 8 of the American Gas Association, as amended or supplemented from time to time, respectively. It is agreed that for the purposes of measurement and computations hereunder, (a) the atmospheric pressure shall be based on the atmospheric pressure determined and used by Transporters at the Delivery Point(s) regardless of the atmospheric pressure at which the Gas is measured, (b) the Gas obeys the Ideal Gas Laws as to variations of volume with pressure and specific gravity, including the deviation from Boyle's law, and (c). all measurements and testing performed hereunder shall all be made by Gatherer in accordance with applicable rules, regulations, and orders. It is also agreed that the Gatherer may apply a uniform correction factor for water vapor if it deems necessary in its sole and absolute discretion.

9.2 Measurement Stations. Gatherer shall install, maintain, and operate, or cause to be maintained and operated, a measuring station located at each Receipt Point(s), and the Delivery Point(s). Said measuring station(s) shall be so equipped with orifice meters, recording gauges, or other types of meter or meters of standard make and design commonly acceptable in the industry, and of suitable size and design, as to accomplish the accurate measurement of Gas delivered hereunder. The changing and integration of the charts (if utilized for measurement purposes hereunder) and calibrating and adjusting of meters shall be performed by Gatherer. Gatherer shall have the right to utilize electronic gas measuring equipment should it so desire.

9.3 Check Meters. Producer may, at its option and expense, install check meters for checking Gatherer's metering equipment at each Receipt Point; and the same shall be so installed as not to interfere with the operation of the Gathering System.

9.4 Temperature. The temperature of the Gas flowing through the meter shall be determined by the continuous use of a recording thermometer or device installed by Gatherer so that it will properly record the temperature of the Gas flowing through the meter.

9.5 Specific Gravity. The specific gravity of the Gas flowing through the meter shall be determined by methods commonly accepted in the industry. Specific gravities so determined will be used in calculating Gas deliveries until the next specific gravity test is made.

9.6 Inspection Rights. Each Party shall have the right to be present at the time of any installing, reading, sampling, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring deliveries hereunder. The records from such measuring equipment shall remain the property of their owner, but upon request, each will submit to the other its records and charts, together with calculations therefrom subject to return within thirty (30) Days after receipt thereof. Each Party, during each of the first three production months, and after that at least semi-annually, or more often if necessary, shall calibrate the meters and instruments installed by it or cause the same to be calibrated. Gatherer shall give Producer ten (10) Days' notice in advance of such installing, reading, sampling, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting so that Producer may, at its election, be present in person or by its representative to observe adjustments, if any are made.

9.7 Measurement Corrections. If the metering equipment is found to be inaccurate by two percent (2%) or more, registration thereof and any payment based upon such registration shall be corrected at the rate of such inaccuracy for any period of inaccuracy which is definitely known or agreed upon, or if not known or agreed upon, then for a period extending back one-half of the time elapsed since the last day of the most recent calibration. Unless conclusively

determined that either Gatherer's measurement equipment is inaccurate by two percent (2%) or more, Gatherer's measurement shall be deemed to be correct for all purposes hereunder, and no adjustment shall be made to the previous volumes. Following any test, any metering equipment found to be inaccurate to any degree shall be adjusted immediately to measure accurately. If for any reason any meter is out of service or out of repair so that the quantity of Gas delivered through such meter cannot be ascertained or computed from the readings thereof, the quantity of Gas so delivered during such period shall be estimated and agreed upon by the Parties hereto upon the basis of the best available data using the first of the following methods which is feasible:

- a. By using the registration of any check measuring equipment of Producer, if installed and registering accurately;
- b. By correcting the error if the percentage of error is ascertainable by calibration, test, or mathematical calculation; or
- c. By estimating the quantity of deliveries during preceding periods under similar conditions when the meter was registering accurately.

9.8 Meter Testing. If Producer shall notify Gatherer, or if Gatherer shall notify Producer, at any time that a special test of any Receipt Point meter is desired, the Parties shall cooperate to secure an immediate verification of the accuracy of such meter and joint observation of any adjustments. All tests of Gatherer's measuring equipment at any Receipt Point shall be made at Gatherer's expense, except that the Producer shall bear the expense of tests made at its request if the inaccuracy found is less than two percent (2%). Expense as used in this Section 9.8 shall be limited to actual costs of Gatherer as the result of testing and shall not include any costs incurred by Producer as the result of witnessing said testing.

9.9 Substitution of Measurement Equipment. The Parties hereto recognize and acknowledge that technological advances may occur over the term of this Agreement which may render certain measurement devices obsolete, or less accurate, or less efficient than that which may be available. In such event, Gatherer may, with Producer's approval, substitute or utilize such available measurement equipment in lieu of any measurement equipment described above in this ARTICLE IX.

9.10 Pulsation. If for any reason the Gas is delivered to Gatherer at a Receipt Point, with pulsations that affect the accuracy of the measurement, Producer shall be responsible for installing necessary pulsation dampeners, or other devices, to eliminate or reduce the pulsations to an acceptable level determined by Gatherer.

ARTICLE X FEES

10.1 Fees.

- a. **Gathering Fee.** Gatherer shall charge, and Producer shall pay, a gas gathering fee, as determined in accordance with Exhibit C, on all Gas received and measured hereunder at the Receipt Point(s) during each Accounting Month based on the daily quantity of Gas received and measured at the Receipt Point(s) into the Gathering System during such Accounting Month from all wells located in the Dedicated Area.
- b. **Compression Fee.** Gatherer shall charge, and Producer shall pay, a compression fee of six cents (\$.06) for each stage of compression through which Gas delivered hereunder moves from the Receipt Point(s) to the Delivery Point(s) on all Gas received and measured at the Receipt Point(s) during each Accounting Month, based on the average daily volumes of Gas received and measured at the Receipt Point(s) during such Accounting Month.
- c. **Dehydration Fee.** Gatherer shall charge, and Producer agrees to pay, a dehydration fee of one cent (\$.01) per Mcf.

10.2 Adjustment. The fees to be paid by Producer specified in Section 10.1 above shall be increased annually on the Escalation Date, and each subsequent anniversary date thereafter to reflect the percentage increase, if any, in the CPI-U for the most recent twelve (12) Month period.

10.3 CO₂ Treating. In the event the Gas delivered by Producer hereunder fails to meet the CO₂ requirements of this Agreement or of the pipelines receiving Gas from Gatherer at the Delivery Point(s), the parties may enter into a separate treating agreement containing mutually agreeable terms to bring the Gas delivered hereunder into compliance with such requirements.

10.4 Payment. Gatherer shall invoice Producer by the fifteenth (15th) Day of each Month for all services provided by Gatherer during the preceding Month (including, without limitation, any amounts owed under Article XXIII). Producer shall pay by wire such invoice by not later than the twenty-fifth (25th) Day of such Month. If Producer receives Gatherer's invoice after the 15th day of the month, the due date for payment of the invoice shall be extended by the same number of days that the invoice was received after the 15th day of the month. If Producer fails to pay any amounts owed under this Agreement when due, such amounts shall accrue interest at an interest rate of one and one half percent (1 ½%) per month or the highest rate permitted by law, whichever is lower, from the due date until paid. If default continues after ten (10) days written notice from Gatherer to

Producer, Gatherer may suspend receipt and delivery of Gas hereunder without prejudice to any other available remedies at law or equity.

10.5 Allocation Procedure. Gatherer shall use general industry care in transporting Producer's Gas from the Receipt Point(s) to the Delivery Point(s) for Producer's account; provided, however, the Parties understand and agree that certain volumetric gains or losses in the Gas will occur and shall be shared by and among Producer and other third parties whose gas is gathered and transported by Gatherer, in the proportion that the gas of each party who delivers gas into the Gathering System bears to the total gas received at the respective receipt point. In determining the quantity of Gas delivered by Producer at each Receipt Point hereunder during a Month, Gatherer shall allocate to Producer at each Receipt Point a quantity of gas equal to (i) the total quantities (expressed in MMBtus) reported for such Month by the Transporter at the Delivery Point(s) (the "Total Delivered Quantities") times a fraction, the numerator of which is the number of MMBtus of Gas delivered by Producer during such Month at said Receipt Point, and the denominator of which is the number of MMBtus of all gas delivered into the Gathering System from all receipt points, minus (ii) Producer's applicable Fuel. In making the determinations under this ARTICLE X, Gatherer may rely on, and shall be fully protected in relying on, any determination, report or statement received by Gatherer from any Transporter regarding the number of MMBtus delivered at the Delivery Point(s).

10.6 Fuel. The volume of Fuel, stated in MMBtu's, that is utilized, consumed, or incurred in gathering of the Gas from each Receipt Point during a Month shall be determined by multiplying the total volume of gas used to operate the Gathering System and other related equipment by a fraction, the numerator of which is the Mcf's of Gas delivered at each Receipt Point and the denominator is the Mcf's of the gas of all parties delivering gas into the Gathering System. In the event electricity is consumed or used in the operation of the Gathering System, Gatherer may retain as Fuel an amount of gas equivalent to the amount of electricity so consumed or used as determined by Gatherer.

10.7 Additional Gatherer Facilities. If Gatherer installs or operates additional facilities downstream from Gatherer's Gathering System to provide resale markets or to meet the specifications of Gatherer's resale purchasers or Transporters, Gatherer may deduct the reasonable cost (including return on and of investment) of installation and operation of those added facilities.

ARTICLE XI ACCOUNTING AND PAYMENTS

11.1 Invoicing. Gatherer shall invoice Producer by the fifteenth (15th) Day of each Month for all services provided by Gatherer during the preceding Month. Producer shall pay by wire such invoice by not later than the twenty-fifth (25th) Day of such Month. If a default in payment continues after ten (10) days written

notice from Gather to Producer, Gatherer may suspend receipt and delivery of Gas hereunder without prejudice to any other available remedies at law or equity.

11.2 Statements. Gatherer shall furnish to Producer on or before the twenty-fifth (25th) day of each Month a report or statement disclosing information necessary to enable Producer to make reasonable and accurate statistical and accounting entries upon its books concerning all phases of this Agreement related to the preceding Month, including an allocation statement setting out Imbalances and the amount of any Taxes applicable to Gas or this Agreement that are actually paid by Gatherer.

11.3 Audit Rights. Either Party, on thirty (30) days prior written notice, shall have the right at its expense, at reasonable times during normal business hours, to audit the books and records of the other Party to the extent necessary to verify the accuracy of any statement, allocation, measurement, computation, charge, or payment made under or pursuant to this Agreement. The scope of any audit shall be limited to transactions affecting the Dedicated Gas hereunder and shall be limited to the twenty-four (24) month period immediately prior to the month in which the notice requesting an audit was given. However, no audit may include any time period for which a prior audit hereunder was conducted, and no audit may occur more frequently than once each twelve (12) months. All statements, allocations, measurements, computations, charges, or payments made in any period prior to the twenty-four (24) month period immediately prior to the month in which the audit is requested, or made in any twenty-four (24) month period for which the audit is requested but for which a written claim for adjustments is not made within ninety (90) days after the audit is requested shall be conclusively deemed true and correct and shall be final for all purposes. To the extent that the foregoing varies from any applicable statute of limitations, the Parties expressly waive all such other applicable statutes of limitations.

11.4 Notices. Notwithstanding any change in ownership of Producer's properties, Gatherer shall never be required to make payments or to give notices required under the provisions of this Agreement to more than one party, and, in the event that the Producer's properties subject to this Agreement shall ever be owned by more than one party, Gatherer may withhold (without interest) further payments and notices until all of the owners of Producer's properties have designated one party to act for them in all respects relating to said properties and this Agreement, including the rendering of bills, the submission of charts, and the receipt of payments and notices hereunder.

11.5 No Netting. Except in the event of a payment default by the other Party, neither Party may net amounts owed to it under this Agreement against amounts owed under any other agreements between the Parties.

11.6 Payment Disputes. In the event of any dispute with respect to any payment hereunder, Producer shall make timely payment of all undisputed amounts.

11.7 Interest on Late Payments. In the event that Producer shall fail to make timely payment of any sums, except those contested in good faith or those in a good faith dispute, when due under this Agreement, interest will accrue at an annual rate equal to the prime rate as published in the “Money Rates” section of *The Wall Street Journal* plus two percent (2%) from the date payment is due until the date payment is made.

11.8 Credit Assurance. Gatherer from time to time throughout the term of this Agreement shall have the right to conduct reviews of Producer’s credit standing. Provided however, Gatherer agrees that as of the Effective Date of this Agreement, Producer’s credit shall be deemed satisfactory. Gatherer may request an Adequate Assurance of Performance if there is or has been a material change in Producer’s credit following the execution of this Agreement. In the event Gatherer determines Producer’s credit to be unsatisfactory in Gatherer’s reasonable opinion, then Gatherer may demand an “Adequate Assurance of Performance”, which shall mean sufficient security in a form reasonably specified by Gatherer, subject further to the limitations described in this ARTICLE XI. This security will be provided to Gatherer after Producer has been given five (5) business days written notice. Producer at its sole discretion may thereafter provide one of the following forms of security:

- a. Post an irrevocable standby letter of credit from a financial institution rated at least A- by S&P or at least A3 by Moody’s in a form and substance satisfactory to Gatherer;
- b. Deliver cash collateral to be deposited in an escrow account as designated by Gatherer. Gatherer is hereby granted a security interest in and right of set-off against all cash collateral, which is or may hereafter be delivered or otherwise transferred to such escrow account in connection with this Agreement; or
- c. Provide a guaranty reasonably acceptable to Gatherer.
- d. The term of any security provided under this Section 11.8 shall be as reasonably determined by Gatherer, but it shall never exceed 60 Days, after which the security shall terminate (or in the case of cash collateral, be immediately returned by Gatherer to Producer without further action by either Party). Nothing shall prohibit Gatherer, however, from requesting additional Adequate Assurance of Performance following the end of any such term, so long as the conditions triggering such a request under this Section 11.8 exist.

11.9 Substitute Collateral. Producer may substitute the cash collateral provided under Section 11. 8(b) above at any time with any of the other forms of security described in Sections 11.8(a) and 11.8(c). Once the substituted collateral is received by Gatherer, Gatherer shall return the cash collateral to Producer within five (5) business days of receipt of the substitute collateral, provided however there is no past due payment due Gatherer.

11.10 Excused Performance. Gatherer will not be required to perform or continue to perform services hereunder in the event:

- a. Producer has voluntarily filed for bankruptcy protection under any chapter of the Bankruptcy Code;
- b. Producer is the subject of an involuntary petition of bankruptcy under any chapter of the Bankruptcy Code, and such involuntary petition has not been settled or otherwise dismissed within 90 Days of such filing; or
- c. Producer otherwise becomes insolvent, whether by an inability to meet its debts as they come due in the ordinary course of business or because its liabilities exceed its assets on a balance sheet test; and/or however such insolvency may otherwise be evidenced.

11.11 Failure to Provide Adequate Assurance. Should Producer fail to provide Adequate Assurance of Performance within five (5) business days after receipt of written demand for such assurance (which shall include reasonable particulars for the demand and documentation supporting the calculation of such amount demanded), then Gatherer shall have the right (notwithstanding any other provision of this Agreement) to suspend performance under this Agreement until such time as Producer furnishes Adequate Assurance of Performance.

11.12 Creditworthiness Requirements. The creditworthiness requirements set forth in this ARTICLE XI shall apply to any permitted assignment (in whole or in part) of this Agreement by Producer. Gatherer shall apply consistent evaluation practices to all similarly situated producers to determine Producer's financial ability to perform its payment obligations under this Agreement.

ARTICLE XII WARRANTY AND TITLE

12.1 Producer Warranties. Producer warrants that it has good and marketable title to the Dedicated Gas and all Components delivered by Producer to Gatherer at the Receipt Points, and that such Gas is free from all liens, encumbrances and adverse claims of every nature and kind. **PRODUCER AGREES TO INDEMNIFY, DEFEND AND HOLD THE GATHERER INDEMNIFIED PARTIES HARMLESS FROM AND AGAINST ANY AND ALL LOSSES ARISING FROM OR OUT OF ANY CLAIM AS TO PRODUCER'S TITLE OR WARRANTY ABOVE, INCLUDING BUT NOT LIMITED TO, ANY ADVERSE CLAIM BROUGHT BY OR THROUGH A MINERAL INTEREST OR ROYALTY**

OWNER WITH RESPECT TO THE GAS. Producer agrees to make settlement for all royalties, overriding royalty interests, and/or production payments due and payable on the Gas delivered to Gatherer hereunder, any Components of the Gas extracted or saved therefrom, and the disposition of the Gas thereof, all in accordance with the terms of the leases, interests, and/or agreements from which Gas is produced, applicable instruments of title, and all amendments thereto. In addition to Gatherer's rights of defense and indemnity, if Producer's title or the right to deliver hereunder is questioned or involved in any action, Gatherer may suspend receipts and deliveries of Gas until title or the right to deliver same hereunder is free from such questions, such action is fully determined, or until Producer has furnished a bond with a surety satisfactory to Gatherer conditioned to save Gatherer harmless from such claims.

12.2 Division of Interest. If required by Gatherer, Producer shall provide to Gatherer a division of interest in the Dedicated Gas delivered to Gatherer hereunder.

ARTICLE XIII ROYALTIES; TAXES

13.1 Proceeds of Production. Producer shall have the sole and exclusive obligation and liability for the payment of all Persons due any proceeds derived from the Dedicated Gas delivered under this Agreement, including, without limitation, royalties, overriding royalties, and similar interests, in accordance with the provisions of the leases or agreements creating those rights to proceeds. In no event will Gatherer have any obligation to those Persons due any of those proceeds of production attributable to Dedicated Gas under this Agreement.

13.2 Taxes. Producer shall pay and be responsible for all Taxes levied against or assessed with respect to Dedicated Gas delivered or Services provided under this Agreement. Gatherer shall not become liable for such Taxes, unless designated to remit those Taxes on behalf of Producer by any duly constituted jurisdictional agency having authority to impose such obligations on Gatherer, in which event the amount of such Taxes remitted on Producer's behalf shall be (i) reimbursed by Producer upon receipt of invoice, with corresponding documentation from Gatherer setting forth such payments, or (ii) deducted from amounts otherwise due Producer under this Agreement.

13.3 Indemnification. PRODUCER HEREBY AGREES TO DEFEND AND INDEMNIFY AND HOLD THE GATHERER INDEMNIFIED PARTIES HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, ARISING FROM THE PAYMENTS MADE BY PRODUCER IN ACCORDANCE WITH SECTIONS 13.1 AND 13.2, ABOVE, INCLUDING, WITHOUT LIMITATION, LOSSES ARISING FROM CLAIMS FOR THE NONPAYMENT, MISPAYMENT, OR WRONGFUL CALCULATION OF THOSE PAYMENTS.

ARTICLE XIV INDEMNITY

14.1 Custody and Control. As between the Parties, and as to liability, if any accruing to a Party hereto, or to any third party:

- a. Producer shall be deemed to be in exclusive control and custody of Gas at and upstream of the Receipt Points.
- b. Gatherer shall be deemed to be in exclusive control and custody of the Gas until the Gas is delivered to Producer or the Transporter on Producer's behalf at the Delivery Point(s), whereupon Producer shall again be in exclusive control and custody thereof and bear the risk of loss of the Gas.

14.2 Indemnity. As between Producer and Gatherer, Producer shall indemnify, defend and hold harmless the Gatherer Indemnified Parties from and against all Losses relating to or arising out of (i) the operations of Producer, and (ii) the handling or delivery of Gas while such Gas is in custody and control of Producer. Gatherer shall indemnify, defend and hold harmless the Producer Indemnified Parties from and against all Losses relating to or arising out of (i) the operations of Gatherer, and (ii) the handling or delivery of Gas while same is in possession and control of Gatherer. Notwithstanding the foregoing, neither Party shall be obligated to indemnify, defend or hold the other Party harmless from and against Losses to the extent such Losses result from the negligence, gross negligence or willful misconduct of the other Party.

14.3 Limitation of Liability. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES SUFFERED BY SUCH PARTY RESULTING FROM OR ARISING OUT OF THIS AGREEMENT OR THE BREACH THEREOF UNDER ANY OTHER THEORY OF LIABILITY, WHETHER TORT, NEGLIGENCE, STRICT LIABILITY, BREACH OF CONTRACT, WARRANTY, INDEMNITY OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, LOSS OF USE, INCREASED COST OF OPERATIONS, LOSS OF PROFIT OR REVENUE, OR BUSINESS INTERRUPTIONS. IN FURTHERANCE OF THE FOREGOING, EACH PARTY RELEASES THE OTHER PARTY AND WAIVES ANY RIGHT OF RECOVERY FOR SPECIAL, INDIRECT, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES SUFFERED BY SUCH PARTY REGARDLESS OF WHETHER ANY SUCH DAMAGES ARE CAUSED BY THE OTHER PARTY'S NEGLIGENCE (AND REGARDLESS OF WHETHER SUCH NEGLIGENCE IS SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE), FAULT, OR LIABILITY WITHOUT FAULT; PROVIDED, HOWEVER, THE FOREGOING SHALL NOT BE CONSTRUED AS LIMITING AN OBLIGATION OF A PARTY HEREUNDER TO INDEMNIFY, DEFEND AND HOLD HARMLESS THE OTHER PARTY AGAINST CLAIMS ASSERTED BY UNAFFILIATED THIRD PARTIES, INCLUDING, BUT NOT LIMITED TO, THIRD PARTY CLAIMS FOR SPECIAL, INDIRECT, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES.

14.4 Survival. The indemnification rights and obligations herein shall survive any expiration or termination of this Agreement.

ARTICLE XV FORCE MAJEURE

15.1 Suspension of Obligations. In the event any Party is rendered unable, either wholly or in part, by Force Majeure to carry out its obligations under this Agreement, other than the obligation to make payments due hereunder, it is agreed that on such Party giving notice and full particulars of such inability by telephone and in writing to the other Parties as soon as possible after the occurrence of the cause relied on, then the obligations of the Party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period, and the Party claiming Force Majeure shall remedy such cause, as far as possible, with all reasonable dispatch.

15.2 Suspension of Obligations. The term “Force Majeure” as employed herein shall mean any act or event which wholly or partially prevents or delays the performance of obligations arising under this Agreement if such act or event is not reasonably within the control of the Party claiming force majeure and which by the exercise of due diligence such Party is unable to prevent or overcome, including, without limitation, by the following enumeration: acts of God; strikes; lockouts; or other industrial disturbances; acts of the public enemy; wars; blockades; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of governments and people; civil disturbances; explosion, breakage, or accidents to machinery, pipeline facilities, or lines of pipe; the necessity for making repairs to or alterations of machinery, plant facilities, or lines of pipe; freezing of wells or lines of pipe; partial or entire failure of wells; and the inability of either Producer or Gatherer to acquire, or the delays on the part of either Producer or Gatherer in acquiring, at reasonable cost and after the exercise of reasonable diligence: (a) any servitude, rights-of-way grants, permits, or licenses; (b) any materials or supplies for the construction or maintenance of facilities; and (c) any permits or permissions from any governmental agency if such are required; provided that Force Majeure shall not include lack of financing or funds. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty and that the above requirements that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the sole discretion of the Party having the difficulty.

ARTICLE XVI
UNPROFITABLE OPERATIONS AND RIGHTS OF TERMINATION

16.1 Suspension of Operations. In the event the operation of the Gathering System or the gathering of the Dedicated Gas hereunder becomes economically undesirable in the reasonable judgment of Gatherer due to (a) compliance with Laws, (b) the volume of the Gas, (c) the costs of gathering the Gas, or (d) any other condition not within Gatherer's control, Gatherer shall be relieved of its obligations to gather all or a part of the Dedicated Gas hereunder for so long as such condition(s) exists. Gatherer shall give Producer written notice that the gathering of Gas hereunder has become economically undesirable and that gathering and all other services under the terms of this Agreement are suspended therefrom so long as such condition(s) exist. Gatherer agrees that in its determination of economically undesirable gathering, the same criteria shall be used for the Gas as for all other gas being gathered through the Gathering System.

16.2 Termination of Agreement. In the event Gatherer should at any time hereafter elect to permanently discontinue the operation of the Gathering System, Producer shall have the option, exercised solely at its discretion, of terminating this Agreement in its entirety upon ninety (90) Days advance written notice of such termination notice to Gatherer.

16.3 No Obligation to Expand. It is agreed that Gatherer shall not be obligated to expand the Gathering System in order to provide increased capacity hereunder.

ARTICLE XVII
TERM

17.1 Term. This Agreement shall be effective from the Effective Date and, subject to the other provisions hereof, shall continue in full force and effect for a primary term of three (3) Contract Years from and after the Effective Date. Thereafter, this Agreement shall continue month to month thereafter until terminated by either Party upon at least sixty (60) Days prior written notice.

ARTICLE XVIII
REGULATORY BODIES

18.1 Jurisdictional Matters. This Agreement and the provisions hereof shall be subject to all valid applicable Laws. Producer and Gatherer have entered into this Agreement with the understanding, and in reliance on the fact that this Agreement and/or performance of this Agreement are not and will not be subject to the jurisdiction or regulation of the Federal Energy Regulatory Commission ("FERC"). If this Agreement and/or performance of this Agreement becomes subject to such FERC jurisdiction and/or regulation, this Agreement shall automatically terminate unless Producer and Gatherer agree, in writing, within

thirty (30) days of the effective date of the attachment of any such jurisdiction and/or regulation, that this Agreement shall continue after such effective date.

ARTICLE XIX RIGHTS OF WAY

19.1 Use of Easements and Rights of Way. To the extent that it may lawfully do so, Producer hereby assigns and grants to Gatherer easements and rights-of-way, including surface locations, in, to and across the lands and leases dedicated hereunder for the purpose of installing, using, inspecting, repairing, operating, replacing, and removing Gatherer's pipelines, meters, and other equipment used or useful in the performance of this Agreement. Any property of Gatherer placed in or upon any of such lands shall remain the personal property of Gatherer, subject to removal by it at any time for any reason, but in any event within a reasonable time after the termination of this Agreement. Gatherer shall fully enjoy the rights of ingress and egress across the lands and leases dedicated hereunder for the purposes herein.

ARTICLE XX DISPUTES

20.1 Disputes. With respect to all disputes under or relating to this Agreement (a "Dispute"), any Party wishing to initiate dispute resolution with respect to such a Dispute shall give written notice of the Dispute to the other Party (a "Dispute Notice"). Within five (5) days after receipt of the Dispute Notice, the Parties' management representatives shall meet in an attempt to resolve the Dispute. If such representatives cannot resolve the dispute within fifteen (15) days of receipt of the initial Dispute Notice, the Dispute shall be referred to the Parties' respective senior executives. Such senior executives shall meet or confer by conference call within five (5) days after referral of the dispute to them, and shall have ten (10) days thereafter to attempt to fully resolve the Dispute. In the event that the Parties are unable to resolve any Dispute within the periods provided in this Section 20.1, then any Party may, at its sole discretion, commence litigation as provided herein.

20.2 Venue. The Parties irrevocably agree that any legal action, suit or proceeding arising out of or relating to this Agreement shall be brought in the courts of the State of Texas or of the United States of America located in Houston, Harris County, Texas. By the execution and delivery of this Agreement, the Parties irrevocably submit to the exclusive jurisdiction of any such court in any such action, suit or proceeding.

20.3 WAIVER TO OBJECT. THE PARTIES IRREVOCABLY WAIVE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW: (I) ANY OBJECTION WHICH EITHER OF THEM MAY HAVE NOW OR IN THE FUTURE TO THE LAYING OF THE VENUE OF ANY SUCH ACTION, SUIT OR PROCEEDING IN ANY COURT REFERRED TO IN SECTION 20.2,

AND (II) ANY CLAIM THAT ANY SUCH ACTION, SUIT OR PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

20.4 WAIVER OF TRIAL BY JURY. EACH OF THE PARTIES HEREBY WAIVES, TO THE FULLEST PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT IT MAY HAVE TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

**ARTICLE XXI
NOTICES AND PAYMENTS**

21.1 Notices. Any notice, request, demand, statement, or bill provided for in this Agreement shall be in writing and delivered by hand, mail, or facsimile (with receipt of answerback confirmation). All such written communications shall be effective upon receipt by the other party at the address of the Parties hereto as follows:

Producer:

**Statements: Upstream Energy Services, L.P. (agent)
2277 Plaza Dr.
Suite 440
Sugar Land, TX 77479
Phone 281-277-4200**

**Traton Engineering Associates, L.P. (Producer)
2929 Allen Parkway
Suite 3450
Houston, TX 77019-7120
Phone: 281-540-0028**

ACH Payments:

**ABA 113011258
ACCT 0003801136**

Contractual:

**Traton Engineering Associates, L.P.
2929 Allen Parkway
Suite 3450
Houston, TX 77019-7120
Phone: 281-540-0028**

Gatherer:

**Statements: Crestwood Arkansas Pipeline LLC
801 Cherry Street, Suite 3400 Unit 20
Fort Worth, TX 76102
Attn: Revenue Accounting**

Payments: Crestwood Arkansas Pipeline LLC
801 Cherry Street, Suite 3400 Unit 20
Fort Worth, TX 76102
Attn: Accounting

Contractual: Crestwood Arkansas Pipeline LLC
717 Texas Avenue, Suite 3150
Houston, TX 77002
Attn: Marketing

Any of the Parties may designate a further or different address by giving written notice to the other Parties.

ARTICLE XXII ASSIGNMENT

22.1 Assignment. This Agreement shall be binding upon and inure to the benefit of the successors, assigns and legal representatives of the Parties; provided, however, no Party may assign this Agreement, or any portion hereof, or any of its rights and obligations hereunder, without first securing the prior written consent of the other Party, which consent will not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing:

- a. either Producer or Gatherer may assign this Agreement to any of its Affiliates, to a successor entity (whether by merger, by consolidation, or by sale of substantially all the assets of such Party) or to the purchaser of substantially all the assets of such Party without the consent of the other Party, but any such assignment (i) shall be expressly made subject to the terms and conditions of this Agreement, and (ii) shall not relieve the assigning Party of any of its liabilities, obligations or duties hereunder incurred prior to such assignment;
- b. Gatherer, without the consent of Producer, may assign this Agreement to any Person to whom Gatherer has assigned all or substantially all of its interest in the Gathering System, but any such assignment shall be subject to the requirements in Section 22.1(a)(i) and (ii) above.
- c. Gatherer may pledge this Agreement and/or its rights hereunder as collateral security to its lenders or an agent acting on their behalf in connection with any financing of the construction and development of the Gathering System or any processing plant.

ARTICLE XXIII MISCELLANEOUS

23.1 Order of Precedence; Exhibits. Unless specifically otherwise provided, if any term or condition expressed or implied in any Exhibit to this Agreement

conflicts or is at variance with any term or condition of this Agreement, this Agreement shall prevail. All Exhibits attached to this Agreement are incorporated herein and made a part of this Agreement by this reference.

23.2 No Waiver. No waiver by any Party of any one or more defaults in the performance of any provision of this Agreement shall operate or be construed as a waiver of any default or future defaults, whether of a like or different character.

23.3 Modifications. No modifications of the terms and provisions of the Agreement shall be made except by the execution of written agreements by all Parties hereto. This Agreement contains the entire agreement between the Parties and there are no oral promises, agreements, or warranties affecting it.

23.4 Headings. The descriptive headings of the provisions of these general provisions are formulated and used for convenience only and shall not be deemed to affect the meaning or construction of any such provisions.

23.5 Entire Agreement. This Agreement, including, without limitation, all Exhibits hereto, integrates the entire understanding between the Parties with respect to the subject matter covered and supersedes all prior understandings, drafts, discussions, or statements, whether oral or in writing, expressed or implied, dealing with the same subject matter.

23.6 No Partnership. Nothing in this Agreement is intended to create a partnership or joint venture under state law or to render the Parties hereto jointly and severally liable to any third party. Each of the Parties elects to be excluded from the provisions of Subchapter K, Chapter 1 of Subtitle A, of the Internal Revenue Code of 1986 pursuant to the provisions of Article 761(a) of such code and from any similar provisions of state law.

23.7 Severability. Should any section, paragraph, subparagraph, or other portion of this Agreement be found invalid as a matter of law in a duly authorized court, or by a duly authorized government agency, then only that portion of the Agreement shall be invalid. The remainder of the Agreement which shall not have been found invalid shall remain in full force and effect.

23.8 Governing Law. THIS AGREEMENT, AND ALL QUESTIONS RELATING TO ITS VALIDITY, INTERPRETATION, PERFORMANCE AND ENFORCEMENT (INCLUDING PROVISIONS CONCERNING LIMITATIONS OF ACTIONS) SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, NOTWITHSTANDING ANY CONFLICT-OF-LAWS DOCTRINES OF SUCH STATE OR OTHER JURISDICTION TO THE CONTRARY.

23.9 Interconnecting Pipelines; Third Party Gatherers. Gatherer may from time to time become subject to new requirements imposed by interconnecting pipelines or a third party gatherer. Gatherer shall provide written notice to Producer of any such new requirements. Thereafter, Producer shall comply with such new requirements.

23.10 Joint Drafting. This Agreement was prepared jointly by the Parties hereunder and not by any Party to the exclusion of the other.

23.11 Confidentiality. Each Party agrees to (i) maintain the confidentiality of any information which a Party provides to the other Party, and (ii) disclose such information only to those of its or its Affiliates, and their respective directors, members, officers, employees, representatives and consultants who have a need to know such information and who have agreed to maintain the confidentiality of such information.

23.12 No Third Party Beneficiaries. Except for parties indemnified hereunder, this Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns, and shall not inure to the benefit of any other person or entity whomsoever or whatsoever, it being the intention of the Parties that no third person shall be deemed a third party beneficiary of this Agreement.

23.13 Producer Forms. Upon request, Producer shall make available to Gatherer, copies of any and all forms filed by Producer with any state or federal regulatory body exercising jurisdiction over production delivered into the Gathering System.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in multiple counterpart originals as of the Effective Date.

PRODUCER:

**TRATON ENGINEERING
ASSOCIATES, L.P.**

By: _____

Its: _____

By: _____

Name: _____

Title: _____

GATHERER:

**CRESTWOOD ARKANSAS PIPELINE
LLC**

By: _____

Name: _____

Title: _____

EXHIBIT A
DEDICATED AREA

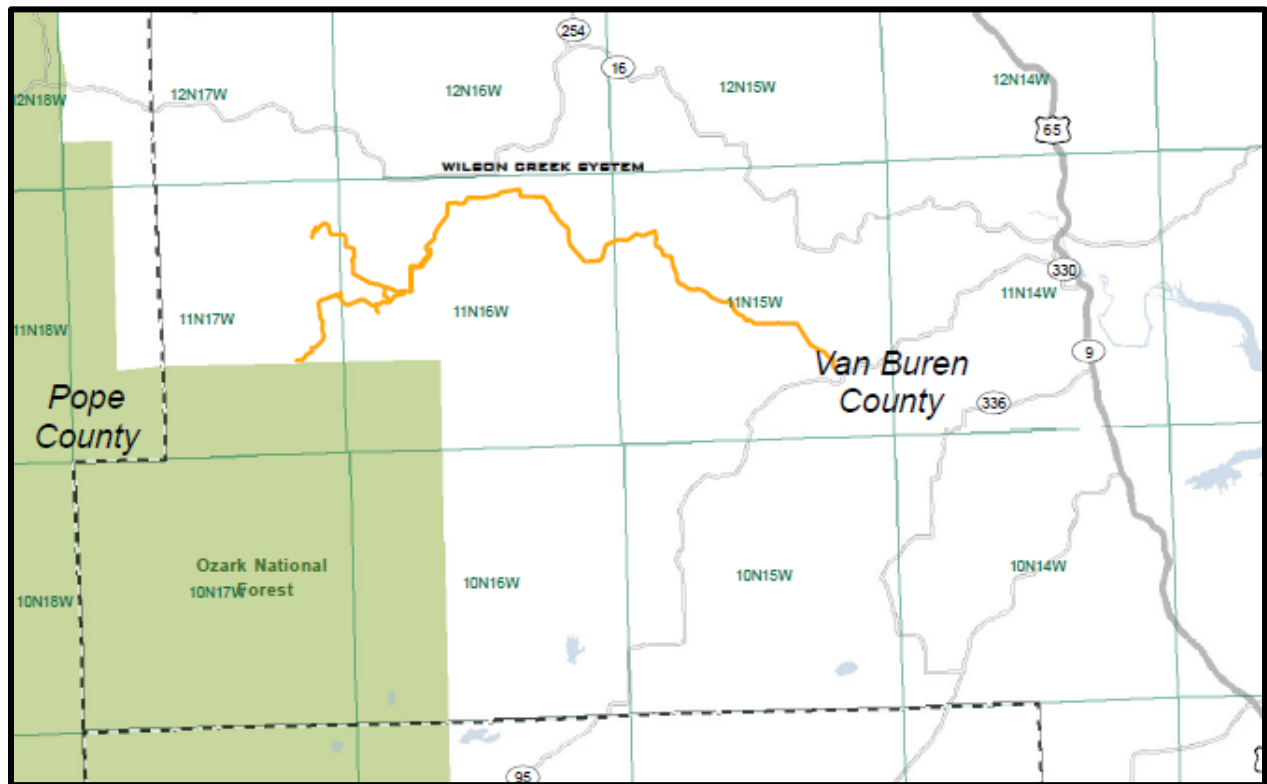


EXHIBIT B

RECEIPT POINTS AND DELIVERY POINTS

Receipt Point(s)

Receipt Point	Survey	<i>Meter #</i>
Ballard 1-18		F01G005
Chavez 1		F01G017
Chavez Injection		F04G004
Files 1-12H		F01G002
Files 2-12H		F01G011
Files 3-12H		F01G009
Kamalmaz 1-13H		F01G001
Owens 1-18H		F01G006
Roberts 1-13H		F01G007
Storm Cat Injection #2		F04G002
Vaughn 1-18H		F01G003
Vaughn 2-18		F01G004
Vaughn BBM		F04G001

Delivery Point(s)

Delivery Point	Survey	Meter #
Ozark Gas Transmission		

EXHIBIT C
GATHERING FEES

Volumetric Tier (Mcf/day) <u>(based on a daily average during the Month)</u>	
<u>Rate\$/MMBtu</u>	
First 0-1200 Mcf/d	\$.80/Mcf
Next 1201-2000 Mcf/d	\$.60/Mcf
All volumes above 2001 Mcf/d	\$.50/Mcf