

**MARKETER AND BROKER SERVICE AGREEMENT**

This Agreement, dated as of \_\_\_\_\_, 2001, is made between NEW JERSEY NATURAL GAS COMPANY, with offices at 1415 Wyckoff Road, Post Office Box 1464, Wall, New Jersey 07719 (NJNG), and \_\_\_\_\_ with offices at \_\_\_\_\_ (“Marketer”);

**WHEREAS**, certain customers of NJNG have requested, or will be requesting, natural gas transportation service from NJNG pursuant to NJNG's filed tariffs (“Transportation Customers”); and

**WHEREAS**, Marketer has been or will be engaged by Transportation Customers of NJNG, to deliver natural gas to NJNG's citygate for the accounts of such Transportation Customers; and

**WHEREAS**, Marketer understands that in order to provide such service to Transportation Customers on the NJNG system, it must remain in good standing under the terms and conditions of service approved by the New Jersey Board of Public Utilities (“NJBPU”) governing the requirements for marketers and brokers providing such service on NJNG's system (“Service Classification MBR”), as amended from time to time; and

**WHEREAS**, Marketer has received a complete copy of the terms and conditions of Service Classification MBR ; and

**WHEREAS**, Marketer agrees to be bound by the terms, conditions and limitations of Service Classification MBR as approved by the NJBPU;

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained, Marketer and NJNG agree as follows:

1. *Scope of Agreement.* Marketer agrees to tender, for transportation, quantities of natural gas equal to the total of the quantities of natural gas necessary to serve each Transportation Customer signed up with Marketer, in accordance with the provisions of the NJNG's tariffs. It shall be the responsibility of Marketer to sign up Transportation Customers for transportation service with NJNG.

2. *Term of Agreement.* The initial term of this Agreement shall be for one year from the date hereof and continue for successive one-year terms thereafter until terminated by written notice by either party at least sixty days prior to the expiration of this Agreement; provided, however, that the Agreement shall terminate if Service Classification MBR is eliminated by Order of the NJBPU, or any successor agency.

3. *Warranty.* Marketer warrants that at the time of delivery to NJNG at NJNG's citygate, said gas quantities shall be free and clear of all liens, encumbrances and claims whatsoever which may result solely from Marketer's possession or transportation of gas hereunder, and further, that it will indemnify and hold NJNG harmless from all suits, actions, debts, accounts, damages, costs, losses, and expense arising from or out of adverse claims of any or all persons to said gas quantities arising out of,

relating to or resulting from such possession or transportation. Marketer further warrants that it has authority to do business in the state of New Jersey and that it is a licensed supplier registered with the New Jersey Board of Public Utilities.

4. *Character of Service.*

(A) GSL, GSS and RS Transportation Customers. For each Transportation Customer under Service Classifications GSL, GSS and RS who are served by Marketer, at least ten (10) days prior to the start of each month, NJNG will inform Marketer of the Minimum Daily Volume which the Marketer will be required to deliver to NJNG's citygate on each day of the month. Such Minimum Daily Volume shall be the total of the Minimum Daily Volumes for each such Transportation Customer under Service Classifications GSL, GSS and RS. The Minimum Daily Volume for each day of a month will be the average daily usage for that month as determined by NJNG, less any amounts necessary to correct a positive imbalance, or plus any amounts necessary to correct a negative imbalance under Special Provision 1.b. of MBR Tariff. NJNG will notify Marketer fifteen (15) days before the start of each month if the time period for netting an imbalance with the Minimum Daily Volume is other than for the upcoming month; upon such notice, Marketer must advise NJNG at least seven (7) business days before the start of the month if it disagrees with the time period selected by NJNG. In the instance that Marketer does not net the imbalance after two months, the imbalance may be cashed out in accordance with Special Provision 1.a as set forth in the MBR tariff.

(B) FT and IT Transportation Customers. For Transportation Customers under Service Classifications FT and IT who are served by Marketer, Marketer shall deliver a quantity of gas equal to the sum of the daily nominations for the aggregate of such Transportation Customers, as such nominations shall be made in accordance with Special Provision 9 of the MBR tariff. Upon the issuance of an Operational Flow Order (“OFO”), pursuant to Special Provision 2.a of the MBR tariff, Marketer shall be subject to the requirements of such provision for the delivery of quantities of natural gas to NJNG's citygate. Upon the issuance of a Daily Balancing Order, pursuant to Special Provision 2.b of the MBR tariff, Marketer shall be subject to the requirements of such provision for the takes and deliveries of quantities of natural gas to NJNG's citygate.

(C) Other Service Classifications. Marketer will be subject to the same obligations for delivery of natural gas, compliance with OFOs, and other requirements for Transportation Customers served by Marketer and taking service under any other transportation Service Classification of NJNG.

All of the services referenced in this Paragraph are subject to Sections 3 and 6 of the Standard Terms and Conditions of NJNG's Tariff.

5. *Balancing Obligations.* The Marketer understands and agrees that continued failure of such Marketer to comply with OFO's for FT customers or Daily Balancing Orders for IT customers, or to meet minimum volume requirements for GSL and GSS customers, recurrent operation out-of-balance, or other continued violations of the terms of NJNG's Service Classifications, will subject such

Marketer to sanctions, including removal from the New Jersey Natural system, in addition to any other penalties to be applied pursuant to NJNG's tariffs.

6. *Credit Assurance.* In connection with the execution of this Agreement, Marketer's financial obligations will be secured as follows (select one):

( ) For customers using Billing Option 1, 2, or 3, the Marketer or Broker shall post a cash deposit or Letter of Credit equal to at least three (3) times the estimated usage for one (1) day in January times the most current January's price for Texas Eastern zone M-3 for any and all customers on whose behalf the Marketer or Broker is acting. For customers using Billing Option 3, the Marketer or Broker shall also post a cash deposit or Letter of Credit equal to at least two (2) times the January delivery charges for each service classification for any and all Customers on whose behalf the Marketer or Broker is acting. The Marketer or Broker agrees the Company has the right to access and apply the cash deposit or Letter of Credit to any payment obligations which are late.

( ) In lieu of a cash deposit or Letter of Credit from a Marketer or Broker, the Company may, in its sole discretion, agree to accept a guaranty from such financially responsible parent or parent companies of the Marketer or Broker for the payment of any liabilities or obligations to be incurred by the Marketer or Broker. In lieu of a cash deposit or Letter of Credit from a Marketer or Broker, the Company may, in its sole discretion, agree to accept a surety bond for the payment of any liabilities or obligations to be incurred by the Marketer or Broker.

"Letter of Credit" means an irrevocable, standby transferable letter of credit, issued by a major U.S. commercial bank or a U.S. branch office of a foreign bank which is satisfactory to Company and in a form reasonably acceptable to Company; where (i) such letter of credit bank has a senior unsecured long term debt rating of "A+" or better by Standard & Poor's Ratings Services (a division of McGraw-Hill, Inc.) or its successor and "A" or better by Moody's Investors Service, Inc., or its successor and has a combined capital surplus of at least USD10 billion.

7. *Notices.* Any notice or other communication under this Agreement shall be in writing and shall be considered given when delivered or when mailed by registered, certified or regular mail, return receipt requested, to the respective parties at the address set forth beneath their respective names, or at such other location as a party may designate by notice to the other party.

*IN WITNESS WHEREOF*, the Parties have executed this Agreement their duly authorized representatives, as they so declare and represent, as of the day and year first written above.

**NEW JERSEY NATURAL GAS COMPANY**

1415 Wyckoff Road  
P.O. Box 1464  
Wall, NJ 07719

***CUSTOMER***

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(Please print name & address)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Print Title)

Date: \_\_\_\_\_ Date: \_\_\_\_\_