

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.

DOCKET NO. RP06-____

**NOTICE OF RATE CHANGE
VOLUME NO. 1 of 3**

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Enterprise Products

High Island Offshore System, L.L.C.

ENTERPRISE PRODUCTS PARTNERS L.P.
ENTERPRISE PRODUCTS OPERATING L.P.

ENTERPRISE PRODUCTS GP, LLC, GENERAL PARTNER
ENTERPRISE PRODUCTS OLP GP, INC., GENERAL PARTNER

August 31, 2006

Ms. Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: High Island Offshore System, L.L.C.
Docket No. RP06-_____

Dear Ms. Salas:

Pursuant to Section 4(e) of the Natural Gas Act ("NGA"), 15 U.S.C. Section 717c(e), and Section 154.301 of the Federal Energy Regulatory Commission ("Commission") Regulations (18 CFR Part 154), High Island Offshore System, L.L.C. ("HIOS") hereby submits for filing the revised tariff sheets, listed on Appendix A, to be included in HIOS's FERC Gas Tariff, reflecting a proposed change in rates for all jurisdictional transportation services, together with proposed changes in terms and conditions of service under such Tariff. HIOS proposes that the revised tariff sheets become effective October 1, 2006.

Materials included in this filing

Pursuant to Sections 154.7, 154.301 and 154.312 of the Commission's Regulations, HIOS has included the following material in this filing:

1. This transmittal letter, and a Statement of the Nature, the Reasons and the Basis for Filing
2. Table of Contents
3. Revised Tariff Sheets (filed and redlined), which are listed in Appendix A to this transmittal letter and to the Notice of Filing
4. Customer Service List (included in Appendix B to transmittal letter)
5. Certificate of Service
6. Form of Notice
7. Statement of Authorized Accounting Representative pursuant to Section 154.308 of the Commission's Regulations
8. Statements A through O, sponsored and supported by testimony

9. Statement P, including the following prepared direct testimony with exhibits:

<u>Name</u>	<u>Subject Matter</u>
Richard W. Porter	Purpose of filing, economic life, treatment of annual expense from 36-month maintenance plan, return on equity, management fee, service agreement enhancements and proposed tariff changes
Leslie V. Pagels	Business risk and operating agreement issues
Deborah E. Kwan	Total cost of service, rate base, gas plant and depreciation expense
Joan F. Collins	O&M expenses, income and other taxes
J. Scott Jenkins	Remaining reserves life
Robert C. Byrd	Negative salvage
Steven J. Gaske	Rate of return and management fee
Ronald A. Fulcher	Test period system throughput
Jeffrey M. Molinaro	Gas balance, cost allocation and rate design, base and test period revenues and other revenues

As required by Section 154.201 of the Commission's regulations, the information provided in HIOS's rate case filing includes all applicable material, including supporting documentation and step-by-step mathematical calculations, and sufficient written narrative, including testimony, to allow the Commission and interested parties to duplicate HIOS's calculations. All statements and schedules contained in HIOS's rate filing were prepared in accordance with the classifications of the Commission's Uniform System of Accounts. HIOS's work papers in support of its adjustments, computations, and other information have been indexed and cross-referenced to the filing and other work papers as well.

The rates included in the revised tariff sheets filed herewith are designed to recover HIOS's overall cost of service developed using a base period for the twelve months ended June 30, 2006, adjusted for known and measurable changes projected to occur through March 31, 2007. The proposed rates will result in increased total system revenue of approximately \$21.4 million annually above the currently effective rates. In addition, HIOS has modified its General Terms and Conditions to implement certain service revisions proposed by this filing.

Waivers

Pursuant to Section 154.7(a)(7) of the Commission's regulations, HIOS respectfully requests that the Commission grant any necessary waivers in order to effectuate this filing and permit the proposed tariff sheets to become effective, including any necessary waivers of Parts 154, 284 and 385, as well as any other rule, policy pronouncement or order.

Motion to Place the Proposed Rates into Effect

Pursuant to Section 154.7(a)(9) of the Commission's regulations, in the event the Commission

suspends the effectiveness of the proposed increase notwithstanding HIOS's proposed October 1, 2006 effective date, HIOS reserves its right to file a later motion to place the proposed rates into effect at the end of the suspension period.

Electronic Filing Requirements

HIOS has prepared all applicable statements, schedules and other documentation required to implement its proposed rate and tariff provisions as prescribed by Order No. 582 and the Commission's regulations. In particular, pursuant to Section 154.4 of the Commission's regulations, this filing includes a computer diskette containing all statements and schedules contained in this application in electronic media formats suitable for Commission filings. Pursuant to Order No. 582, Statements I, J and H(3) are in an electronic version based on the same format generated by the spreadsheet software used in developing the statements, and the spreadsheets include all formulae and link references to other spreadsheets filed in this rate case filing.

Responsible Company Official

Pursuant to Section 154.7(a)(2) of the Commission's Regulations, the name of the responsible official of HIOS to whom questions regarding this filing may be addressed is as follows:

Richard W. Porter
Director of Rates and Regulatory Affairs
Enterprise Products Partners
1100 Louisiana
Houston, Texas 77002
713-803-2526
713-803-2534 (fax)
rporter@eprod.com

Correspondence¹

All correspondence regarding this filing should be addressed to:

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Offshore Natural Gas Pipelines
High Island Offshore Systems, L.L.C.
1100 Louisiana
Houston, TX 77002
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Associate General Counsel
High Island Offshore Systems, L.L.C.
1100 Louisiana
Houston, TX 77002
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¹ Pursuant to Rules 203(b)(3) and 2010(c) of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.203(b)(3) and 385.2010(c), HIOS requests that those persons designated below be included on the Commission's official service list. HIOS respectfully requests waiver of Rule 203(b)(3), to allow more than two persons to be included on the service list.

Richard W. Porter
Director of Rates and Regulatory Affairs
High Island Offshore Systems, L.L.C.
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Houston, TX 77002
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Attorneys for
High Island Offshore Systems, L.L.C.

Service

In accordance with Sections 154.2(d) and 154.208 of the Commission's regulations, HIOS has made copies of this filing available for public inspection, during regular business hours, in a convenient form and place at HIOS's main offices located at 1100 Louisiana, Houston, TX 77002. Finally, HIOS is serving in electronic format copies of this filing on HIOS's affected customers, interested state regulatory agencies and other interested parties. A hard copy of the filing will be made available to any customer immediately upon request.

Respectively submitted,

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.

By: /s/ Richard W. Porter
Richard W. Porter

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Docket No. RP06-_____

APPENDIX A

PROPOSED TARIFF SHEETS

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Ninth Revised Sheet No. 2
Third Revised Sheet No. 4
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Fifth Revised Sheet No. 10
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APPENDIX A

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HIGH ISLAND OFFSHORE SYSTEM, L.L.C.

Appendix B Customer Service List (Page 1 of 2)

ADAMS RESOURCES MARKETING, INC.

Attn: Lynda Croy
900 Rockmead, Ste. 274
Kingwood, TX 77339

ARENA ENERGY L.L.C.

Attn: Bernice Norris
4200 Research Forest Dr., Ste.500
The Woodlands, TX 77381

CHEVRON U.S.A. INC.

Attn: Annetta Still
1111 Bagby, RM 4344
Houston, TX 77002

COKINOS NATURAL GAS CO.

Attn: Natalie Fues
5718 Westheimer, Ste. 900
Houston, TX 77057

DEVON ENERGY PRODUCTION CO. LP

Attn: Charlene Merrill
20 North Broadway, Ste. 1500
Oklahoma City, OK 73102-8260

EL PASO E&P COMPANY LP

Attn: Gerald Polk
1001 Louisiana, Travis Place 8th Floor
Houston, TX 77002

HUNT CHIEFTAIN DEVELOPMENT LP

Attn: Keith Buker
1445 Ross at Field
Dallas, TX 75202-2785

HUNT PETROLEUM CORP.

Attn: Mickey Sanchez
1601 Elm Street, Ste. 4700
Dallas, TX 75201

LOUIS DREYFUS ENERGY SERVICES LP

Attn: Cheryl Ginzel
13430 Northwest Freeway, Ste. 1200
Houston, TX 77040-6019

APACHE CORPORATION

Attn: Keith Admire
2000 Post Oak Blvd., Ste 100
Houston, TX 77056

BP ENERGY COMPANY

Attn: Linda Harris
200 Westlake Park Blvd., RM 2025D
Houston, TX 77079

CINERGY MARKETING & TRADING LP

Attn: Kathy Medrano
1100 Louisiana, Ste. 4900
Houston, TX 77002

DELTA ENERGY L.L.C.

Attn: Stacia Jordan
5200 Blazer Parkway, DA3
Dublin, OH 43017

DOMINION EXPLORATION & PROD. INC.

Attn: Danna Bingham
16945 Northchase Drive, Ste. 1750
Houston, TX 77060

EXXON MOBIL CORPORATION

Attn: Natassja Wilk
800 Bell, RM 3605P
Houston, TX 77002-2180

HUNT PETROLEUM AEC INC.

Attn: Mickey Sanchez
1601 Elm Street, Ste. 4700
Dallas, TX 75201

KERR MCGEE CORP.

Attn: Matthew Moore
16666 Northchase
Houston, TX 77060

MAGNUM HUNTER PRODUCTION INC.

Attn: Cecilia Williams
600 East Las Colinas Blvd., Ste. 1100
Irving, TX 75039

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.

Appendix B Customer Service List (Page 2 of 2)

MINERALS MANAGEMENT SERVICE

Attn: Jeff Olson
P.O. Box 25165, MS 330B2
Denver, CO 80225-0165

NEWFIELD EXPLORATION

Attn: Lori Shuler
363 N. Sam Houston Pkwy E, Ste. 2020
Houston, TX 77060

NOBLE ENERGY MARKETING INC.

Attn: Carol Bradberry
100 Glenborough, 13th Floor
Houston, TX 77067

OCCIDENTAL ENERGY MARKETING INC.

Attn: Pam Dunn
5 Greenway Plaza, Ste. 1100
Houston, TX 77046

REMINGTON OIL & GAS CORP.

Attn: Douglas Logan
8201 Preston Rd., Ste. 600
Dallas, TX 75225

SEQUENT ENERGY MANAGEMENT LP

Attn: Roland Mercier
1200 Smith St, Ste. 900
Houston, TX 77002

STONE ENERGY CORPORATION

Attn: Sandy Credeur
625 E. Kaliste Saloom Rd.
Lafayette, LA 70508

WALTER OIL & GAS CORPORATION

Attn: Chris Clement
1100 Louisiana, Ste. 200
Houston, TX 77002-5299

NATIONAL ENERGY & TRADE LP

Attn: Kristy Cude
5847 San Felipe, Ste. 1910
Houston, TX 77057

NEXEN MARKETING USA INC.

Attn: Colin Drader
801-7th Ave S.W., Ste. 2900
Calgary Alberta, Canada T2P 3P7

NORTHWESTERN MUTUAL LIFE INS. CO.

Attn: Liz Johnston
12777 Jones Road, Ste. 220
Houston, TX 77070

ONLINE RESOURCES

Attn: Jeremy McCollum
13135 Dairy Ashford, Ste. 575
Sugar Land, TX 77478

ROSETTA RESOURCES OFFSHORE L.L.C.

Attn: Nellie Don Evans
717 Texas Ave, Ste. 2800
Houston, TX 77002

SOUTHWEST ENERGY LP

Attn: John Crumley
2 Greenway Plaza, Ste. 720
Houston, TX 77046

UNITED ENERGY TRADING L.L.C.

Attn: Taylor Berkholtz
215 Union Blvd, Ste. 350
Lakewood, CO 80227

Statement of the Nature, the Reasons and the Basis for Filing

HIOS is filing this rate increase because of the dramatic cost increases and throughput decreases that have occurred on the pipeline since implementation of the rates from the last rate case in Docket No. RP03-221. During the twelve month period ended June 30, 2006, HIOS' transportation revenues totaled \$3.0 million less than the authorized revenue requirement. Furthermore, HIOS projects that, by the end of the first quarter of 2007 its annual operating expenses will increase to \$31.7 million, or \$12 million more than the \$19.7 million of operating expenses accepted by the Commission in the previous rate case. In addition, total cost of service is expected to increase to \$42.5 million, or \$18.9 million more than the \$23.6 million in total cost of service authorized in the last rate case. Finally, HIOS projects that throughput will fall to 408 MMDth per day, or more than 301 MMDth below the 709 MMDth per day used to design rates in the previous case. If HIOS does not increase its rates, by the end of the test period, annual revenues will be approximately \$13.7 million or only approximately 43% of fixed operating expenses. HIOS cannot continue to operate when it fails to recover 60% of fixed operating expenses.

The rates included in the revised tariff sheets filed herewith are designed to recover HIOS's overall cost of service developed using a base period for the twelve months ended June 30, 2006, adjusted for known and measurable changes projected to occur during the test period ending March 31, 2007. HIOS's system includes approximately 200 miles of pipeline and compression facilities located in the Gulf of Mexico off the shore of Texas and Louisiana, and transports natural gas from offshore production facilities to interconnections with other pipelines that move the gas onshore. The proposed rate increase is required because HIOS's cost of service has dramatically increased, and its transportation volumes have continued to decrease, since its rates were last established by the Commission in Docket No. RP03-221. The net effect of these factors is that HIOS is not currently receiving enough revenue to cover even its fixed costs of operation.

HIOS's cost of service has increased dramatically within the last year. The specific reasons for the cost increases are described in the testimony accompanying this filing, but they generally relate to the increased operating and maintenance (O&M") expenses that HIOS is currently experiencing. Specifically, for the test period O&M expenses are anticipated to be approximately 31.6 million, \$12.0 million higher than the O&M expenses underlying HIOS's currently effective rates. These include the unavoidable and dramatic increases in insurance costs triggered by the effect of Hurricanes Katrina and Rita during the 2005 hurricane season. Further, HIOS is faced with higher maintenance costs associated with operating a 27-year-old pipeline that is operating well beyond its original service life, and in a harsh offshore environment. HIOS and its operator have amended their operating agreement to account for these increased costs and to allow for certain non-routine expenditures necessary to ensure the prudent and safe operation of the HIOS facilities.

Compounding the effect on HIOS of these increased costs, the trend in declining throughput that HIOS has experienced in the last decade has continued and is accelerating. During the base period HIOS's transportation revenues totaled \$20.3 million, or approximately \$3 million less than the total cost of service underlying currently effective rates. In the last HIOS rate case proceeding, the Commission used a throughput of 709,000 Dth per day to design rates, but

HIOS never came close to achieving that design volume. During the test period, HIOS's as-adjusted average daily volume is estimated to be only 408,000 Dth per day. HIOS does not expect the general trend of declining throughput to reverse in the near or long term because production in the region of the HIOS system is declining. As a result, HIOS's current rates are much too low to recover its operating costs on an ongoing basis and, absent grant of the rate increase requested in this application, HIOS's economic situation will deteriorate further.

HIOS has a negative rate base and, as a result, to provide a return allowance HIOS proposes to include in its rates a management fee of \$4.2 million per year. This fee is calculated using the same Tarpon methodology that the Commission utilized in HIOS's last rate proceeding, with one minor refinement described in the accompanying testimony. The management fee will compensate HIOS's owners sufficiently for the risk of continuing to operate the system and will provide an economic cushion to manage future changes in cost and throughput. Absent this management fee, HIOS could not afford to continue operations.

In compliance with Section 154.7(a)(6) of the Commission's Regulations, HIOS presents the following table comparing the cost of service, rate base (management fee base) and throughput underlying the changes that HIOS proposes to make in the attached tariff sheets, compared to the same information underlying the last rate found by the Commission to be just and reasonable:

	<u>This Filing</u>	<u>Docket No. RP03-221</u>
Cost of Service	\$42.5million	\$23.6 million
Management Fee Base	\$4.2 million	\$1.7 million
Throughput	408,000 Dth/day	709,000 Dth/day

As a result of decreased throughput and increased costs described above, HIOS is compelled to file to increase rates to reflect the heightened risks it now faces and to permit HIOS to continue operating its system. Although the proposed increase in total cost of service is \$18.9, the proposed rates will result in increased total system revenue of approximately \$13.8 million annually above the currently effective rates.

Finally, HIOS has proposed to implement as part of this rate proceeding certain modifications to its two existing firm service Rate Schedules, in order to enhance billing flexibility for its shippers, among other features. These enhancements will apply prospectively to new services under these Rate Schedules. For new firm services less than one year in term, HIOS is also proposing to implement a new Rate Schedule FT-3, with rates designed on a term-differentiated basis, in order to maximize its opportunity to recover its annual cost of service.

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
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PRELIMINARY STATEMENT

1. In General

High Island Offshore System ("HIOS") is a natural gas company engaged in the business of transporting natural gas and operating in the federal domain, offshore Louisiana and offshore Texas.

HIOS shares no operating personnel or facilities with any of its affiliated marketing or brokering companies.

2. Transportation Agreement

2.1 The Transportation Agreement contained in HIOS' F.E.R.C. Gas Tariff, Third Revised Volume No. 1, and designated for use under transportation Rate Schedule FT-1, sets forth the terms and conditions of firm service under that rate schedule. The Transportation Agreement under Rate Schedule FT-1 shall be used in all instances where HIOS enters into a new agreement to perform firm, FT-1 transportation service.

2.2 The Transportation Agreement contained in HIOS' F.E.R.C. Gas Tariff, Third Revised Volume No. 1, and designated for use under transportation Rate Schedule FT-2, sets forth the terms and conditions of firm service under that rate schedule. The Transportation Agreement under Rate Schedule FT-2 shall be used in all instances where HIOS enters into a new agreement to perform firm, FT-2 transportation service.

2.3 The Transportation Agreement contained in HIOS' F.E.R.C. Gas Tariff, Third Revised Volume No. 1, and designated for use under transportation Rate Schedule FT-3, sets forth the terms and conditions of firm service under that rate schedule. The Transportation Agreement under Rate Schedule FT-3 shall be used in all instances where HIOS enters into a new agreement to perform firm, FT-3 transportation service.

2.3 The Transportation Agreement contained in HIOS' F.E.R.C. Gas Tariff, Third Revised Volume No. 1, and designated for use under transportation Rate Schedule IT, sets forth the terms and conditions of interruptible service under that rate schedule. The Transportation Agreement under Rate Schedule IT shall be used in all instances where HIOS enters into a new agreement to perform interruptible transportation service.

PRELIMINARY STATEMENT

3. Main Line Capacity*

The procedure to be followed by a new shipper, in order to receive firm or interruptible transportation service on HIOS' main line, is set forth in Section 2 of the General Terms and Conditions for Rate Schedules FT-1, FT-2, and FT-3 and IT.

4. Lateral Line Capacity

4.1 The maximum obligation of HIOS to receive gas at any Point of Receipt is set forth in the Transportation Agreements referenced in Paragraph 2 above.

4.2 To the extent that firm capacity is available on any lateral in excess of the total obligation of HIOS to receive volumes on such lateral, it is the policy of HIOS to allocate such available firm capacity to shippers, both existing and new, on a "first come, first served" and non-discriminatory basis.**

4.3 To the extent that "interruptible capacity" is available on any lateral of the system, on any day, after all nominations for "interruptible overrun capacity" have been satisfied, HIOS will allocate such capacity to any shipper, having Points of Receipt on the lateral, on a "first come, first served basis" as set forth in Section 7.9 of the General Terms and Conditions.***

5. Posting of Available Firm Capacity

To the extent that firm capacity is available on the mainline or on the lateral lines that is in excess of the total contracted obligation for that line, HIOS will post by line such available capacity on its Interactive Internet Website.

* HIOS' main line is that segment of its system which lies between High Island Block A-264 and West Cameron Block 167.

** With respect to a new shipper, that shipper must first receive an allocation of firm capacity on the main line before its request for firm lateral capacity will be considered. As to an existing firm shipper, it is assumed that such a shipper already has available to it the necessary firm main line capacity. Short haul entitlements require main line capacity only.

*** With respect to a new shipper, that shipper must first receive an allocation of interruptible capacity on the main line before its request for interruptible lateral capacity will be considered. As to an existing interruptible shipper, it is assumed that such a shipper already has available to it the necessary interruptible main line capacity.

SCHEDULE OF RATES AND CHARGES

	Maximum Rate -----	Minimum Rate -----
Rate Schedule FT-1		
1) Reservation Rate	\$ 8.2824	\$.00
2) Commodity Rate	\$.00	\$.00
3) Overrun/Volumetric Rate *		
a) Long Haul	\$.2723	\$.00
a) Short Haul	\$.1089	\$.00
Rate Schedule FT-2		
1) Reservation Rate	\$ 8.9058	\$.00
2) Commodity Rate	\$.00	\$.00
3) Overrun/Volumetric Rate *		
a) Long Haul	\$.2928	\$.00
a) Short Haul	\$.1171	\$.00
Rate Schedule FT-3		
1) Reservation Rate	\$ 8.9058	\$.00
2) Commodity Rate	\$.00	\$.00
3) Overrun/Volumetric Rate *		
a) Long Haul	\$.2928	\$.00
a) Short Haul	\$.1171	\$.00
Rate Schedule IT		
1) Long Haul	\$.2928	\$.00
2) Short Haul	\$.1171	\$.00

* This rate applicable for releases of firm capacity on a volumetric basis.

RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This rate schedule is available to any Shipper in the High Island Offshore System L.L.C. (HIOS or Transporter) for the transportation of gas on a firm basis where: (1) Transporter has determined that it has sufficient available capacity to perform service requested by Shipper; (2) the Shipper has demonstrated, to HIOS' reasonable satisfaction, that it is creditworthy in accordance with Section 5 of the General Terms and Conditions; (3) the Shipper has executed a Transportation Agreement with HIOS for firm service, and, if the Transportation Agreement is executed after October 1, 2006, for a minimum term of one (1) year; (4) the Shipper has become a party to the "Gas Allocation Agreement"; and (5) the Shipper has executed an NGL Bank Agreement with HIOS and with the Administrator in the form contained in HIOS' Tariff. For any period when there is no corresponding NGL Bank Agreement in effect ("non-compliance period") HIOS is entitled to suspend service on any Transportation Agreement executed with HIOS for service under this rate schedule for the duration of the non-compliance period.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This rate schedule shall apply to all natural gas transported under a Transportation Agreement executed with HIOS for firm service under this rate schedule.
- 2.2 Service hereunder shall have a comparable priority with service under FT-2 and FT-3; and
- 2.3 Pursuant to this rate schedule, HIOS will provide firm transportation for Shipper up to the Maximum Daily Quantity (MDQ) specified in the Transportation Agreement (Agreement). Shipper may tender gas to HIOS at the Points of Receipt specified in said Agreement, and HIOS shall receive such gas at said Points of Receipt and redeliver an Equivalent Volume for the account of Shipper at the Points of Delivery specified in said Agreement.

3. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Tariff are applicable to this rate schedule.

4. RATES AND CHARGES

- 4.1 Transportation Charge. Shipper agrees to pay HIOS an amount each month equal to the sum of a reservation charge and a commodity charge determined as follows:

RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE
(Continued)

- (a) The reservation charge shall be the product of Shipper's MBQ (40% of Shipper's MBQ in the case of short haul) and Transporter's effective reservation charge per Dth, for FT-1 service, as set forth on Sheet No. 10 of this Tariff. For purposes of this calculation, the MBQ shall be equal to the peak day deliveries by Transporter for Shipper during the applicable Month (40% of the peak day deliveries in the case of short haul), but in no event shall the MBQ be less than 90% of the MDQ, or more than 100% of the MDQ specified in the Transportation Agreement.
 - (b) The commodity charge shall consist of the product of the commodity rate, set forth on Sheet No. 10 of this Tariff, and the sum of (1) the monthly volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at the Points of Receipt set forth in Exhibit A of the Transportation Agreement, and (2) the monthly volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at the Points of Receipt set forth in Exhibit B of the Transportation Agreement.
- 4.2 Partial Month's Service. If at the commencement or termination of the Transportation Agreement, service is provided for only a portion of a month, then the monthly reservation charge for such month shall be reduced proportionately based on the ratio of the number of days that transportation service was not in effect to the total number of days in each month.

RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE
(Continued)

4.3 Minimum Monthly Bill. Monthly reservation charge.

4.4 Authorized Overrun. In addition to the charges specified above, Shipper agrees, subject to Section 8 of the General Terms and Conditions, to pay HIOS an amount equal to the overrun charge determined as follows:

The overrun charge shall be the sum of (1) the products of the volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at each Point of Receipt set forth in Exhibit A of the Transportation Agreement during any day, which are in excess of the Maximum Daily Volume (MDV) for such point of receipt, and HIOS' effective long haul overrun rate per Dth, as set forth on Sheet No. 10 of this Tariff, and (2) the products of the volumes expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at each Point of Receipt set forth in Exhibit B of the Transportation Agreement during any day, which is in excess of the MDV for such Point of Receipt, and HIOS' effective short haul overrun rate per Dth, as set forth on Sheet No. 10 of this Tariff.

4.5 Unauthorized Overrun. HIOS shall notify Shipper verbally of any unauthorized overrun service that is occurring for Shipper, and shall immediately confirm such notification by telex or similar means. If unauthorized service occurs on a non-Critical Day, Shipper shall pay HIOS a penalty of \$2.00 per Dth or the current Spot Market Price for the Offshore Texas region as reported in Natural Gas Week, whichever is higher, for any such unauthorized daily overrun not terminated within 24 hours of HIOS' verbal notification. If unauthorized service occurs on a Critical Day, Shipper shall pay HIOS a penalty of \$10.00 per Dth or the current Spot Market Price for the Offshore Texas region as reported in Natural Gas Week, whichever is higher, for any such unauthorized daily overrun not terminated within 24 hours of HIOS' verbal notification. Such penalty payments shall be paid to HIOS in addition to the charges otherwise payable by Shipper under this or the appropriate Rate Schedule. HIOS shall credit to non-offending Shippers all unauthorized overrun penalty revenues received under this section in accordance with Section 27 of the General Terms and Conditions of this Tariff. HIOS may waive, in whole or in part, any overrun penalty provided for herein if, in HIOS' sole discretion, such penalty was incurred due to circumstances beyond Shipper's control.

RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE
(Continued)

- 4.6 Transportation of Associated Liquids. If Associated Liquids are transported hereunder for Shipper and HIOS is required by any regulatory agency, from time to time, to allocate a portion of its cost of service to such transportation service or to charge, or impute, a fee for such service, then Shipper shall reimburse HIOS for such allocated costs and such fee.
- 4.7 Commission and Other Regulatory Fees. Shipper shall reimburse HIOS for all filing, reporting and application fees required by the Commission or any other regulatory body which are related to service provided under this Rate Schedule.
- 4.8 Rate Changes. Subject to any rights or limitations imposed by additional Transportation Agreement provisions agreed to by Shipper and Transporter, Transporter may from time to time and at any time selectively adjust any or all of the rates charged to any individual Shipper for which a Maximum Rate and Minimum Rate are stated on Sheet No. 10 of this Tariff; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Rate(s), nor shall they be less than the Minimum Rate(s), set forth on such sheets. Transporter shall have the right to charge the Maximum Rate at any time as a condition for new service or for continuation of service under an existing agreement. Transporter shall make all information filings required by the Commission's regulations with respect to any charges at less than the Maximum Rate. Whenever Transporter adjusts the rate to be charged to a Shipper pursuant to this Section 4.8, notice thereof shall be given to Shipper not less than seventy-two (72) hours prior to the effective date of such adjustment.

RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE
(Continued)

5. WARRANTY

Shipper warrants for itself, its successors and assigns, that it will have at the time of delivery of Gas and Associated Liquids for transportation hereunder good title or the good right to deliver such Gas and Associated Liquids to HIOS and accept redelivery at Point or Points of Delivery. HIOS warrants for itself, its successors and assigns, that it will, at the time of delivery to others of the Gas and Associated Liquids transported hereunder, have good right to deliver such Gas and Associated Liquids to others. Shipper warrants for itself, and its successors and assigns, that the Gas it warrants hereunder, shall be free and clear of all liens, encumbrances, and claims whatsoever, that it will indemnify HIOS and save HIOS harmless from and against all suits, actions, debts, accounts, damages, costs, losses, and expenses, including HIOS' actual attorney's fees, and cost of defense arising from or out of any adverse claims of any and all persons to said Gas and/or to royalties, taxes, license fees, or charges thereon which are applicable to such delivery of Gas and that it will indemnify HIOS and save it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by, and the obligation of, the party making such delivery.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-1)

THIS, AGREEMENT, made and entered into as of _____, by and between HIGH ISLAND OFFSHORE SYSTEM, L.L.C. (Transporter), a limited liability company created under the laws of the State of Delaware, and, _____, (Shipper), a _____ corporation,

W I T N E S S E T H:

WHEREAS, Shipper desires to have gas transported on a firm basis in the High Island Offshore System, L.L.C. from offshore Texas and Louisiana on its behalf; and

WHEREAS, Transporter has sufficient capacity available to provide firm transportation of gas on behalf of Shipper.

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

ARTICLE I

- 1.1 Obligation to Transportation. Commencing with the date of initial deliveries hereunder, Transporter shall receive at the Points of Receipt hereunder for the account of Shipper all Gas, together with Associated Liquids, which Shipper may cause to be delivered to it up to Shipper's Maximum Daily Quantity (MDQ), as set forth in Exhibits A and B hereof, and shall be obligated to deliver for the account of Shipper on a firm basis at the Point or Points of Delivery hereunder Equivalent Volumes in the manner and subject to the conditions hereinafter set forth.
- 1.2 Term. This Agreement shall become effective on _____, _____. After this Agreement becomes effective it shall continue in full force and effect for a period of _____ (insert number of years) from the effective date of such Agreement and from year to year thereafter until this Agreement is terminated as provided in Article I, Section 1.3 or until the dissolution of Transporter.
- 1.3 Termination. Either party may elect to terminate this Agreement as of the end of said _____ period or as of the end of any succeeding extended annual period by giving written notice to the other party of such election not less than 90 days prior to the termination date designated in such notice.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-1)
(Continued)

ARTICLE II

- 2.1 Point(s) of Receipt. The point(s) of receipt shall be those identified on Exhibits A and B hereto.

ARTICLE III

- 3.1 Point(s) of Delivery. The point(s) of delivery shall be those identified on Exhibits A and B hereto.

ARTICLE IV

- 4.1 Rate Schedule and Charges. Each month, Shipper shall pay Transporter for the service hereunder, an amount determined in accordance with Transporter's Rate Schedule FT-1 and the applicable provisions of the General Terms and Conditions of Transporter's F.E.R.C. Gas Tariff, Third Revised Volume No. 1, as filed with the F.E.R.C. Such Rate Schedule and General Terms and Conditions are incorporated herein by reference and are made a part hereof. For all gas delivered to the Point(s) of Receipt in Exhibits A and B hereto and redelivered to Point(s) of Delivery in Exhibits A and B hereto, Shipper shall pay the currently effective rates and charges under Rate Schedule FT-1, as the same may be amended or superseded in accordance with applicable provisions of the Natural Gas Act and the rules and regulations of the F.E.R.C. The rates and charges shall be billed and paid for in accordance with the General Terms and Conditions applicable to Rate Schedule FT-1.
- 4.2 Rate Adjustments. It is agreed that either Transporter or Shipper may seek authorization from time to time from the F.E.R.C. for such rate adjustments as may be found necessary to assure Transporter just and reasonable rates.

ARTICLE V

- 5.1 Receipt Pressure. The minimum pressure at which Shipper may be requested to deliver gas to Transporter at the Point(s) of Receipt is set forth in Exhibits A and B hereto.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-1)
(Continued)

- 5.2 Delivery Pressure. The minimum pressure at which Transporter is required to cause gas to be delivered at the Point(s) of Delivery is set forth in Exhibits A and B hereto.

ARTICLE VI

- 6.1 Notices. Except as herein otherwise provided, any notice, request, demand, statement, bill, or payment provided for in this Agreement, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as duly delivered when mailed by registered or certified mail return receipt requested to the Post Office Address of the parties hereto as follows:

TRANSPORTER:

High Island Offshore System
P. O. Box 4324
Houston, Texas 77210-4324

Attn: Manager, Contract Administration

SHIPPER:

or such other address as either of the parties hereunder shall designate by formal written notice. Routine communications including monthly statements and payments, shall be considered as duly delivered when properly addressed and mailed by either registered, certified or first class mail, postage prepaid.

ARTICLE VII

- 7.1 Waivers. No waiver by either Shipper or Transporter of any one or more defaults in the performance of any provision hereunder shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-1)
(Continued)

ARTICLE VIII

- 8.1 Regulations. This Agreement, and all terms and provisions contained herein, and the respective obligations of the parties hereunder are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction.

ARTICLE IX

- 9.1 Assignments. Any company which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper, or of Transporter, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement; and either of the parties may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture, or similar instrument which it has executed or may execute hereafter covering substantially all of its properties; otherwise neither of the parties shall assign this Agreement or any of its rights hereunder unless it first shall have obtained the consent thereto in writing of the other party, provided further, however, that neither of the parties shall be released from its obligations hereunder without the consent of the other.

ARTICLE X

- 10.1 Limitation on Liability of Member. The parties hereto hereby agree that any claim against the Transporter which may arise hereunder shall be made only against the Transporter and all rights to proceed against the Members therein, individually, or against their assets as a result of such claim or any obligation arising therefrom, is hereby waived.
- 10.2 Indemnification of Operator. Shipper shall indemnify and save harmless any Operator of the System, designated by Transporter to operate the System for Transporter as an independent contractor, and such Operator's officers,

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-1)
(Continued)

agents and employees from any claim, demand or expense for loss, damage or injury arising out of or in any way connected with the quality, use or condition of the Gas and Associated Liquids after the delivery from the System.

- 10.3 Applicable Law. This Agreement shall be governed by and interpreted in accordance with laws of the State of Delaware.
- 10.4 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.
- 10.5 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

ARTICLE XI

- 11.1 Further Agreement.
(Write None or specify the agreement.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed in several counterparts by its duly authorized officer as of _____, ____.

High Island Offshore System, L.L.C.
(A Limited Liability Company)

By _____

SHIPPER

By _____

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-1)

EXHIBIT A

Maximum Daily Quantity: _____ Dth

Points of Receipt 1/

Location	Maximum Daily Long Haul Volume in Dth 2/	Minimum Pressure
-----	-----	-----

Points of Delivery

Location	Maximum Daily Long Haul Volume in Dth	Minimum Pressure
-----	-----	-----

1/ See subsections 6.2 and 6.3 of Section 6 of the General Terms and Conditions for the definitions of Primary Points of Receipt and Secondary Points of Receipt, respectively.

2/ The sum of the Maximum Daily Volumes must equal the Maximum Daily Quantity.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-1)

EXHIBIT B

Maximum Daily Quantity: _____ Dth

Points of Receipt 1/

Location	Maximum Daily Short Haul Volume in Dth 2/	Minimum Pressure
-----	-----	-----

Points of Delivery

Location	Maximum Daily Short Haul Dth	Pressure
-----	-----	-----

-
- 1/ See subsections 6.2 and 6.3 of Section 6 of the General Terms and Conditions for the definitions of Primary Points of Receipt and Secondary Points of Receipt, respectively.
- 2/ The sum of the Maximum Daily Volumes must equal the Maximum Daily Quantity.

Rate Schedule FT-2
Firm Transportation Service
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule shall apply to firm transportation service rendered by HIOS for Shipper pursuant to Part 284 of the Federal Energy Regulatory Commission's (Commission) Regulations and pursuant to the Service Agreement for transportation service under this Rate Schedule.
- 2.2 Service hereunder shall have a comparable priority with service under Rate Schedule FT-1 and FT-3; and
- 2.3 Pursuant to this rate schedule, HIOS will provide transportation service up to the Maximum Daily Quantity (MDQ) specified in the Transportation Agreement. Shipper may tender Gas to HIOS at the Points of Receipt specified in said Agreement, and HIOS shall receive such Gas at said Points of Receipt and redeliver an Equivalent Volume for the account of Shipper at the Points of Delivery in said Agreement.

3. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Tariff are applicable to this Rate Schedule.

4. RATES AND CHARGES

- 4.1 Transportation Charge. Shipper agrees to pay HIOS an amount each month equal to the sum of a reservation charge and a commodity charge which, subject to the provisions of Section 4.2, shall be determined as follows:

- (a) The reservation charge shall be the product of 100% of Shipper's MBQ (40% of Shipper's MBQ in the case of short haul) and Transporter's effective reservation charge per Dth for FT-2 service, as set forth on Sheet No. 10 of this Tariff. For purposes of this calculation, the MBQ shall be equal to the average daily quantity transported during the applicable billing month.
- (b) The commodity charge shall consist of the product of the commodity rate, set forth on Sheet No. 10 of this Tariff, and the sum of (1) the monthly volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at the Points of Receipt set forth in Exhibit A of the Transportation Agreement, and (2) the monthly volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at the Points of Receipt set forth in Exhibit B of the Transportation Agreement.

- 4.2 Failure to Satisfy Minimum Throughput Obligation.

During each billing month, HIOS will analyze the average throughput level for the production month being billed and the immediately preceding two production months (the "3-Month Period") by dividing the aggregate quantity of gas received for Shipper's account at the Point(s) of Receipt by the number of days in the 3-Month Period. If the result is less than 80% of the average of the MDQ's specified in the FT-2 Agreement for the 3-Month Period, Shipper shall be subject to Reservation and Commodity Charges for the second production month

Rate Schedule FT-2
Firm Transportation Service
(Continued)

following the 3-Month Period (the "Impacted Month"). In such event, HIOS shall notify Shipper on the invoice submitted for the most recent production month of the 3-Month Period that the average daily throughput has dropped below 80% of the MDQ for the 3-Month Period and advise Shipper of the pending Reservation and Commodity Charges so that Shipper may have an opportunity to release its firm capacity on a temporary basis pursuant to Section 17 of the General Terms and Conditions during the Impacted Month. The billing for the Impacted Month will be the sum of (i) the Reservation Charge set forth on the currently effective Sheet 10 or 10A multiplied by 100% of the specified MDQ (40% of the specified MDQ in the case of short haul) for the Impacted Month; and (ii) the applicable Commodity Charge set forth on the currently effective Sheet 10 or 10A multiplied by the sum of the quantities of gas (in Dth) received for Shipper's account at the Point(s) of Receipt each day of the Impacted Month.

Notwithstanding the above, calculation of the average daily throughput for any 3-Month Period will be adjusted to reflect any reduction in throughput as a result of HIOS being unable to confirm Shipper's nominations due to an incident of Force Majeure claimed by HIOS under Article 13 of the General Terms and Conditions or any limitations hereunder; and provided, further, with respect to committed reserves connected after February 16, 1999, services under this Rate Schedule will be billed for the first six consecutive calendar months, beginning with and including the month in which deliveries are initiated, at the Volumetric Charge, regardless of Shipper's ability to meet the 80% average daily throughput level.

Rate Schedule FT-2
Firm Transportation Service
(Continued)

Shipper shall not receive any volumetric credit in the computation of the Shipper's three (3) month average daily throughput for gas transported by a Replacement Shipper relative to Shipper's FT-2 capacity, unless the gas being transported by the Replacement Shipper is produced from Shipper's Committed Lease(s).

- 4.3 Additional Charges. In addition to the charges specified above, Shipper shall pay to HIOS the following charges and such other charges applicable to service hereunder as may be set forth from time to time in the General Terms and Conditions:
- i. Commission and Other Regulatory Fees. Shipper shall reimburse HIOS for all filing, reporting and application fees required by the Commission or any other regulatory body which are related to service provided under this Rate Schedule.
 - ii If Associated Liquids are transported hereunder for Shipper and HIOS is required by any regulatory agency, from time to time, to allocate a portion of its cost of service to such transportation service or to charge, or impute, a fee for such service, then Shipper shall reimburse HIOS for such allocated costs or such fee.
- 4.4 Maximum and Discount Rates. The rates which are stated on the currently effective Sheet No. 10 set forth the maximum rates applicable to each service provided under this Rate Schedule, and the range represented by the maximum and minimum rates stated for each such service. Shipper shall pay the maximum rates for service under this Rate Schedule unless HIOS, in its reasonable judgment, agrees to discount its rate to Shipper under this Rate Schedule. Any discount agreed to by HIOS and the effective period thereof shall be stated on an executed Exhibit C to the FT-2 Agreement and shall be made on a not unduly

Rate Schedule FT-2
Firm Transportation Service
(Continued)

discriminatory basis. The rates for service under this Rate Schedule shall not be discounted below the applicable minimum rates specified on the currently effective Sheet No. 10. HIOS shall not be obligated to discount its services in order to provide service to Shipper hereunder.

- 4.5 Partial Month's Service. If at the commencement or termination of the Transportation Agreement, service is provided for only a portion of a month, then the Reservation Charge for such month shall be reduced proportionately based on the ratio of the number of days that transportation service was not in effect to the total number of days in such month.
- 4.6 Authorized Overrun. In addition to the charges specified above, Shipper agrees, subject to Section 8 of the General Terms and Conditions, to pay HIOS an amount equal to the overrun charge determined as follows:
- The overrun charge shall be the sum of (1) the products of the volumes of gas expressed in Dth received by HIOS from Shipper, at each Point of Receipt set forth in Exhibit A of the Transportation Agreement during any day, which are in excess of the Maximum Daily Volume (MDV) for such Point of Receipt, and HIOS' effective long haul overrun rate per Dth, as set forth on Sheet No. 10 of this Tariff, and (2) the products of the volumes expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at each Point of Receipt set forth in Exhibit B of the Transportation Agreement during any day, which is in excess of the MDV for such Point of Receipt, and HIOS' effective short haul overrun rate per Dth, as set forth on Sheet No. 10 of this Tariff.
- 4.7 Unauthorized Overrun. HIOS shall notify Shipper orally of any unauthorized overrun service that is occurring for Shipper, and shall immediately confirm such notification by facsimile or similar means. If unauthorized service occurs on a non-Critical Day, Shipper shall pay HIOS a penalty of \$2.00 per Dth, or the current Spot Market Price for the Offshore Texas region as reported in Natural Gas Week, whichever is higher, for any such unauthorized daily overrun not terminated within 24 hours of HIOS' oral notification. If unauthorized service occurs on a Critical Day, Shipper shall pay HIOS a penalty of \$10.00 per Dth, or the current Spot Market Price for the Offshore Texas region as reported in Natural Gas Week, whichever is higher, for any such unauthorized daily overrun not terminated within 24 hours of HIOS' oral notification. Such penalty

Rate Schedule FT-2
Firm Transportation Service
(Continued)

payments shall be paid to HIOS in addition to the charges otherwise payable by Shipper under this or the appropriate Rate Schedule. HIOS shall credit to non-offending Shippers all unauthorized overrun penalty revenues received under this section in accordance with Section 27 of the General Terms and Conditions of this Tariff. HIOS may waive, in whole or in part, any overrun penalty provided for herein, if, in HIOS' sole discretion, such penalty was incurred due to circumstances beyond Shipper's control.

- 4.8 Required Reports. HIOS shall file with the Commission any and all reports as required by the Commission's Regulations setting forth the applicable charge, the individual Shipper(s) affected, the volume transported, and provisions for discounts and any other information which may be required.
- 4.9 Rate Changes. Subject to any rights or limitations imposed by additional Transportation Agreement provisions agreed to by Shipper and Transporter, Transporter may from time to time and at any time selectively adjust any or all of the rates charged to any individual Shipper for which a Maximum Rate and Minimum Rate are stated on Sheet No. 10 of this Tariff; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Rate(s), nor shall they be less than the Minimum rate(s), set forth on such sheets. Transporter shall have the right to charge the Maximum Rate at any time as a condition of service under an existing Agreement. Transporter shall make all information filings required by the Commission's regulations with respect to any charges at less than the Maximum Rate. Whenever Transporter adjusts the rate to be charged to a Shipper pursuant to this Section 4.8, notice thereof shall be given to Shipper not less than seventy-two (72) hours prior to the effective date of such adjustment.

5. REQUESTS FOR FT-2 TRANSPORTATION SERVICE

- 5.1 Any party desiring transportation service under Rate Schedule FT-2 must provide to HIOS the information required by Section 2 of the General Terms and Conditions and the following information in order to qualify for transportation service:
- i. Production Profile. The MDQ to be transported shall be supported by a life of reserves production forecast for the Committed Lease(s) prepared by Shipper or the operator(s) of the Committed Lease(s), which reflects production build-up and expected production throughout the life of the lease. Shipper may request a separately stated MDQ under its FT-2 Agreement for specified delivery periods of not less than 3 consecutive months, hereinafter the "Delivery Periods"; provided, however, such separately stated MDQs must be supported by a life of reserves production forecast for the Committed Lease(s) provided hereunder; and provided

Rate Schedule FT-2
Firm Transportation Service
(Continued)

Mcf per day or the dekatherm equivalent thereof during any specified Delivery Period and, further, any increase in MDQ under the FT-2 Agreement shall be subject to availability of firm capacity on the system as determined by HIOS hereunder. Notwithstanding anything herein to the contrary, if at any time a federal lessor elects pursuant to its lease with Shipper to take in kind its royalty share of gas produced from the Exhibit A leases, Shipper's MDQ shall be adjusted upon thirty (30) Days written notice by Shipper, to a level that reflects Shipper's working interest share of gas, net of such royalty gas taken by the federal lessor. If the federal lessor elects to take royalties-in-kind for a period of time, and then the federal lessor elects to stop taking royalties-in-kind, or in the event a federal lessor provides notice to Shipper of its intent to take royalties-in-kind, but does not actually take royalties-in-kind, then Shipper's MDQ shall be increased upon thirty (30) Days written notice by Shipper, to a level that reflects Shipper's full working interest share of such gas, subject to available capacity. HIOS reserves the right to require Shipper to provide HIOS with evidence of the federal lessor's election to take Shipper's gas as royalties-in-kind, including but not limited to receipts, invoices, or notices.

- 6.4 After the second contract quarter of the first contract Year of any Service Agreement executed after October 1, 2006, if, over any Delivery Period during which HIOS' pipeline is not fully subscribed on a firm basis, Shipper's average daily throughput on HIOS exceeds one-hundred twenty percent (120%) of Shipper's applicable MDQ for such Delivery Period (an "Excess Delivery Period"), then HIOS shall have the right to require Shipper to increase its MDQs for the next four (4) Delivery Periods, and in such event Shipper shall elect for such four (4) Delivery Periods either: (a) a quantity increased by the percentage increase in actual shipments under its FT-2 Service Agreement over the sum of Shipper's applicable MDQs for each day of the Excess Delivery Period identified by Transporter, or (b) a quantity equal to the difference between the quantity actually shipped by Shipper under its FT-2 Service Agreement during the Excess Delivery Period identified by Transporter and the sum of Shipper's applicable MDQ for each day of such Delivery Period. Shipper shall be required to make such election upon receipt of HIOS' notice. Notice of Shipper's election shall be provided to HIOS by the next Day following receipt of HIOS' notice and the increase shall become effective on the first Day of the Delivery Period next following HIOS' notice to Shipper. The increase shall remain in effect for the next four (4) Delivery Periods, at which time the MDQ previously in effect shall apply, subject to Transporter providing a subsequent notice hereunder requiring an increase in MDQ for another four (4) Delivery Periods. In the event that Shipper fails to make a timely election following receipt of HIOS' notice, Shipper shall be deemed to have elected to increase its MDQ in accordance with the methodology set forth in (a) above.
- 6.5 In the event: (i) firm capacity is required to accommodate new shippers who have requested firm capacity and such capacity is unavailable, or (ii) HIOS plans a facility expansion to increase mainline capacity, then HIOS shall have the right to request an updated production profile from any shipper, subject to the provisions of Section 6.2, and to adjust, if applicable, the MDQ of such shipper as set forth in this Article VI.

Rate Schedule FT-2
Firm Transportation Service
(Continued)

7. WARRANTY

Shipper warrants for itself, its successors and assigns, that it will have at the time of delivery of Gas and Associated Liquids for transportation hereunder good title or the good right to deliver such Gas and Associated Liquids to HIOS at the Point(s) of Receipt and accept redelivery at the Point(s) of Delivery. HIOS warrants for itself, its successors and assigns, that it will, at the time of delivery to others of the Gas and Associated Liquids transported hereunder, have good right to deliver such Gas and Associated Liquids to others. Shipper warrants for itself, and its successors and assigns, that the Gas it warrants hereunder, shall be free and clear of all liens, encumbrances, and claims whatsoever, that it will indemnify HIOS and save HIOS harmless from and against all suits, actions, debts, accounts, damages, costs, losses, and expenses, including HIOS' actual attorney's fees, and cost of defense arising from or out of any adverse claims of any and all persons to said Gas and/or to royalties, taxes, license fees, or charges thereon which are applicable to such delivery of Gas and that it will indemnify HIOS and save it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by, and the obligation of, the party making such delivery.

RATE SCHEDULE FT-3

FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This rate schedule is available to any Shipper in the High Island Offshore System L.L.C. (HIOS or Transporter) for the transportation of gas on a firm basis where: (1) Transporter has determined that it has sufficient available capacity to perform service requested by Shipper; (2) the Shipper has demonstrated, to HIOS' reasonable satisfaction, that it is creditworthy in accordance with Section 5 of the General Terms and Conditions; (3) the Shipper has executed a Transportation Agreement with HIOS for firm service for a minimum term or one (1) day; (4) the Shipper has become a party to the "Gas Allocation Agreement"; and (5) the Shipper has executed an NGL Bank Agreement with HIOS and with the Administrator in the form contained in HIOS' Tariff. For any period when there is no corresponding NGL Bank Agreement in effect ("non-compliance period") HIOS is entitled to suspend service on any Transportation Agreement executed with HIOS for service under this rate schedule for the duration of the non-compliance period.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This rate schedule shall apply to all natural gas transported under a Transportation Agreement executed with HIOS for firm service under this rate schedule.
- 2.2 Service hereunder shall have a comparable priority with service under FT-1 and FT-3; and
- 2.3 Pursuant to this rate schedule, HIOS will provide firm transportation for Shipper up to the Maximum Daily Quantity (MDQ) specified in the Transportation Agreement (Agreement). Shipper may tender gas to HIOS at the Points of Receipt specified in said Agreement, and HIOS shall receive such gas at said Points of Receipt and redeliver an Equivalent Volume for the account of Shipper at the Points of Delivery specified in said Agreement.

3. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Tariff are applicable to this rate schedule.

4. RATES AND CHARGES

- 4.1 Transportation Charge. Shipper agrees to pay HIOS an amount each month equal to the sum of a reservation charge and a commodity charge determined as follows:
- (a) The reservation charge shall be the sum of (1) the product of the MDQ and the FT-3 Capacity Rate set forth on Sheet No. 10 of this Tariff, and (2) the product of the MBQ and the FT-3 Monthly Deliverability Rate (MDR), as derived from the Deliverability Rate set forth on Sheet No. 10 of this Tariff. For purposes of this calculation:
- (i) The MDR shall be calculated as the quotient of (1) the Deliverability Rate divided by the quotient of the Days in a Service Agreement, and (2) 365; and
- (ii) The MBQ shall be calculated as the quotient of (1) the product of the MDQ and the number of days of service as specified in the Service Agreement, and (2) the number of billing periods as specified in the Service Agreement.

RATE SCHEDULE FT-3
FIRM TRANSPORTATION SERVICE
(Continued)

(b) The commodity charge shall consist of the product of the commodity rate, set forth on Sheet No. 10 of this Tariff, and the sum of (1) the monthly volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at the Points of Receipt set forth in Exhibit A of the Transportation Agreement, and (2) the monthly volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at the Points of Receipt set forth in Exhibit B of the Transportation Agreement.

4.2 Partial Month's Service. If at the commencement or termination of the Transportation Agreement, service is provided for only a portion of a month, then the monthly reservation charge for such month shall be reduced proportionately based on the ratio of the number of days that transportation service was not in effect to the total number of days in each month.

4.3 Minimum Monthly Bill. Monthly reservation charge.

4.4 Authorized Overrun. In addition to the charges specified above, Shipper agrees, subject to Section 8 of the General Terms and Conditions, to pay HIOS an amount equal to the overrun charge determined as follows:

The overrun charge shall be the sum of (1) the products of the volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at each Point of Receipt set forth in Exhibit A of the Transportation Agreement during any day, which are in excess of the Maximum Daily Volume (MDV) for such point of receipt, and HIOS' effective long haul overrun rate per Dth, as set forth on Sheet No. 10 of this Tariff, and (2) the products of the volumes expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at each Point of Receipt set forth in Exhibit B of the Transportation Agreement during any day, which is in excess of the MDV for such Point of Receipt, and HIOS' effective short haul overrun rate per Dth, as set forth on Sheet No. 10 of this Tariff.

4.5 Unauthorized Overrun. HIOS shall notify Shipper verbally of any unauthorized overrun service that is occurring for Shipper, and shall immediately confirm such notification by telex or similar means. If unauthorized service occurs on a non-Critical Day, Shipper shall pay HIOS a penalty of \$2.00 per Dth or the current Spot Market Price for the Offshore Texas region as reported in Natural Gas Week, whichever is higher, for any such unauthorized daily overrun not terminated within 24 hours of HIOS' verbal notification. If unauthorized service occurs on a Critical Day, Shipper shall pay HIOS a penalty of \$10.00 per Dth or the current Spot Market Price for the Offshore Texas region as reported in Natural Gas Week, whichever is higher, for any such unauthorized daily overrun not terminated within 24 hours of HIOS' verbal notification. Such penalty payments shall be paid to HIOS in addition to the charges otherwise payable by Shipper under this or the appropriate Rate Schedule. HIOS shall credit to non-offending Shippers all unauthorized overrun penalty revenues received under this section in accordance with Section 27 of the General Terms and Conditions of this Tariff. HIOS may waive, in whole or in part, any overrun penalty provided for herein if, in HIOS' sole discretion, such penalty was incurred due to circumstances beyond Shipper's control.

RATE SCHEDULE FT-3
FIRM TRANSPORTATION SERVICE
(Continued)

- 4.6 Transportation of Associated Liquids. If Associated Liquids are transported hereunder for Shipper and HIOS is required by any regulatory agency, from time to time, to allocate a portion of its cost of service to such transportation service or to charge, or impute, a fee for such service, then Shipper shall reimburse HIOS for such allocated costs and such fee.
- 4.7 Commission and Other Regulatory Fees. Shipper shall reimburse HIOS for all filing, reporting and application fees required by the Commission or any other regulatory body which are related to service provided under this Rate Schedule.
- 4.8 Rate Changes. Subject to any rights or limitations imposed by additional Transportation Agreement provisions agreed to by Shipper and Transporter, Transporter may from time to time and at any time selectively adjust any or all of the rates charged to any individual Shipper for which a Maximum Rate and Minimum Rate are stated on Sheet No. 10 of this Tariff; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Rate(s), nor shall they be less than the Minimum Rate(s), set forth on such sheets. Transporter shall have the right to charge the Maximum Rate at any time as a condition for new service or for continuation of service under an existing agreement. Transporter shall make all information filings required by the Commission's regulations with respect to any charges at less than the Maximum Rate. Whenever Transporter adjusts the rate to be charged to a Shipper pursuant to this Section 4.8, notice thereof shall be given to Shipper not less than seventy-two (72) hours prior to the effective date of such adjustment.

5. WARRANTY

Shipper warrants for itself, its successors and assigns, that it will have at the time of delivery of Gas and Associated Liquids for transportation hereunder good title or the good right to deliver such Gas and Associated Liquids to HIOS and accept redelivery at Point or Points of Delivery. HIOS warrants for itself, its successors and assigns, that it will, at the time of delivery to others of the Gas and Associated Liquids transported hereunder, have good right to deliver such Gas and Associated Liquids to others. Shipper warrants for itself, and its successors and assigns, that the Gas it warrants hereunder, shall be free and clear of all liens, encumbrances, and claims whatsoever, that it will indemnify HIOS and save HIOS harmless from and against all suits, actions, debts, accounts, damages, costs, losses, and expenses, including HIOS' actual attorney's fees, and cost of defense arising from or out of any adverse claims of any and all persons to said Gas and/or to royalties, taxes, license fees, or charges thereon which are applicable to such delivery of Gas and that it will indemnify HIOS and save it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by, and the obligation of, the party making such delivery.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-3)

THIS, AGREEMENT, made and entered into as of _____, by and between HIGH ISLAND OFFSHORE SYSTEM, L.L.C. (Transporter), a limited liability company created under the laws of the State of Delaware, and, _____, (Shipper), a _____ corporation,

W I T N E S S E T H:

WHEREAS, Shipper desires to have gas transported on a firm basis in the High Island Offshore System, L.L.C. from offshore Texas and Louisiana on its behalf; and

WHEREAS, Transporter has sufficient capacity available to provide firm transportation of gas on behalf of Shipper.

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

ARTICLE I

- 1.1 Obligation to Transportation. Commencing with the date of initial deliveries hereunder, Transporter shall receive at the Points of Receipt hereunder for the account of Shipper all Gas, together with Associated Liquids, which Shipper may cause to be delivered to it up to Shipper's Maximum Daily Quantity (MDQ), as set forth in Exhibits A and B hereof, and shall be obligated to deliver for the account of Shipper on a firm basis at the Point or Points of Delivery hereunder Equivalent Volumes in the manner and subject to the conditions hereinafter set forth.
- 1.2 Term. This Agreement shall become effective on _____, _____. After this Agreement becomes effective it shall continue in full force and effect for a period of _____ (insert term in days) from the effective date of such Agreement and from _____ to _____ thereafter until this Agreement is terminated as provided in Article I, Section 1.3 or until the dissolution of Transporter.
- 1.3 Termination. Either party may elect to terminate this Agreement as of the end of said _____ period or as of the end of any succeeding extended period by giving written notice to the other party of such election not less than 90 days prior to the termination date designated in such notice.

ARTICLE II

- 2.1 Point(s) of Receipt. The point(s) of receipt shall be those identified on Exhibits A and B hereto.

ARTICLE III

- 3.1 Point(s) of Delivery. The point(s) of delivery shall be those identified on Exhibits A and B hereto.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-3)
(Continued)

ARTICLE IV

- 4.1 Rate Schedule and Charges. Each month, Shipper shall pay Transporter for the service hereunder, an amount determined in accordance with Transporter's Rate Schedule FT-3 and the applicable provisions of the General Terms and Conditions of Transporter's F.E.R.C. Gas Tariff, Third Revised Volume No. 1, as filed with the F.E.R.C. Such Rate Schedule and General Terms and Conditions are incorporated herein by reference and are made a part hereof. For all gas delivered to the Point(s) of Receipt in Exhibits A and B hereto and redelivered to Point(s) of Delivery in Exhibits A and B hereto, Shipper shall pay the currently effective rates and charges under Rate Schedule FT-3, as the same may be amended or superseded in accordance with applicable provisions of the Natural Gas Act and the rules and regulations of the F.E.R.C. The rates and charges shall be billed and paid for in accordance with the General Terms and Conditions applicable to Rate Schedule FT.
- 4.2 Rate Adjustments. It is agreed that either Transporter or Shipper may seek authorization from time to time from the F.E.R.C. for such rate adjustments as may be found necessary to assure Transporter just and reasonable rates.

ARTICLE V

- 5.1 Receipt Pressure. The minimum pressure at which Shipper may be requested to deliver gas to Transporter at the Point(s) of Receipt is set forth in Exhibits A and B hereto.
- 5.2 Delivery Pressure. The minimum pressure at which Transporter is required to cause gas to be delivered at the Point(s) of Delivery is set forth in Exhibits A and B hereto.

ARTICLE VI

- 6.1 Notices. Except as herein otherwise provided, any notice, request, demand, statement, bill, or payment provided for in this Agreement, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as duly delivered when mailed by registered or certified mail return receipt requested to the Post Office Address of the parties hereto as follows:

TRANSPORTER:

High Island Offshore System
P. O. Box 4324
Houston, Texas 77210-4324

Attn: Manager, Contract Administration

SHIPPER:

or such other address as either of the parties hereunder shall designate by formal written notice. Routine communications including monthly statements and payments, shall be considered as duly delivered when properly addressed and mailed by either registered, certified or first class mail, postage prepaid.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-3)
(Continued)

ARTICLE VII

- 7.1 Waivers. No waiver by either Shipper or Transporter of any one or more defaults in the performance of any provision hereunder shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

ARTICLE VIII

- 8.1 Regulations. This Agreement, and all terms and provisions contained herein, and the respective obligations of the parties hereunder are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction.

ARTICLE IX

- 9.1 Assignments. Any company which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper, or of Transporter, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement; and either of the parties may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture, or similar instrument which it has executed or may execute hereafter covering substantially all of its properties; otherwise neither of the parties shall assign this Agreement or any of its rights hereunder unless it first shall have obtained the consent thereto in writing of the other party, provided further, however, that neither of the parties shall be released from its obligations hereunder without the consent of the other.

ARTICLE X

- 10.1 Limitation on Liability of Member. The parties hereto hereby agree that any claim against the Transporter which may arise hereunder shall be made only against the Transporter and all rights to proceed against the Members therein, individually, or against their assets as a result of such claim or any obligation arising therefrom, is hereby waived.
- 10.2 Indemnification of Operator. Shipper shall indemnify and save harmless any Operator of the System, designated by Transporter to operate the System for Transporter as an independent contractor, and such Operator's officers, agents and employees from any claim, demand or expense for loss, damage or injury arising out of or in any way connected with the quality, use or condition of the Gas and Associated Liquids after the delivery from the System.
- 10.3 Applicable Law. This Agreement shall be governed by and interpreted in accordance with laws of the State of Delaware.
- 10.4 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.
- 10.5 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-3)
(Continued)

ARTICLE XI

11.1 Further Agreement.

(Write None or specify the agreement.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly
executed in several counterparts by its duly authorized officer as of _____, ____.

High Island Offshore System, L.L.C.
(A Limited Liability Company)

By _____

SHIPPER

By _____

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-3)

EXHIBIT A

Maximum Daily Quantity: _____ Dth

Points of Receipt 1/

Location	Maximum Daily Long Haul Volume in Dth 2/	Minimum Pressure
-----	-----	-----

Points of Delivery

Location	Maximum Daily Long Haul Volume in Dth	Minimum Pressure
-----	-----	-----

-
- 1/ See subsections 6.2 and 6.3 of Section 6 of the General Terms and Conditions for the definitions of Primary Points of Receipt and Secondary Points of Receipt, respectively.
- 2/ The sum of the Maximum Daily Volumes must equal the Maximum Daily Quantity.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-3)

EXHIBIT B

Maximum Daily Quantity: _____ Dth

Points of Receipt 1/

Location	Maximum Daily Short Haul Volume in Dth 2/	Minimum Pressure
-----	-----	-----

Points of Delivery

Location	Maximum Daily Short Haul Dth	Pressure
-----	-----	-----

1/ See subsections 6.2 and 6.3 of Section 6 of the General Terms and Conditions for the definitions of Primary Points of Receipt and Secondary Points of Receipt, respectively.

2/ The sum of the Maximum Daily Volumes must equal the Maximum Daily Quantity.

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

- 1.1 The term "Administrator" shall mean SPL Incorporated or its successor-in-interest to the NGL Bank Agreement.
- 1.1A The term "Associated Liquids" shall mean condensate (without free water) produced in conjunction with the production of Gas to be transported in the System and liquefiable hydrocarbons contained in such Gas but not including oil.
- 1.2 The term "Btu" shall mean one (1) British thermal unit, the amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit at sixty (60) degrees Fahrenheit. (Btu is measured on a dry basis at 14.73 psia).
- 1.3 The term "Maximum Daily Quantity" shall mean the aggregate of the Maximum Daily Volumes of Gas, expressed in Dth per day, which HIOS, subject to Rate Schedules FT-1, FT-2, FT-3 and IT and the terms and provisions of the Transportation Agreement executed by HIOS and the Shipper, has agreed to accept for transportation for the account of Shipper from the Points of Receipt as set forth in Exhibits A and B of the Transportation Agreement.
- 1.4 The term "Central Time" shall mean Central Clock Time, which includes the recognition of Daylight Savings Time.
- 1.5 The term "Day" or "Gas Day" shall mean a period of 24 consecutive hours, ending at 9:00 a.m. Central Time.
- 1.6 The term "Equivalent Volumes" shall mean the sum of the volumes of Gas as expressed in Dth received by HIOS for the account of Shipper at the Points of Receipt identified in Exhibits A and B of the Transportation Agreement during any given period of time, reduced by the Company Use Percentage described in Section 28.

GENERAL TERMS AND CONDITIONS
(Continued)

- 1.29 The term "Predetermined Allocation (PDA)" shall mean the method determined by the Designated Allocator and provided to HIOS in accordance with Sections 7.6 and 7.7 of the General Terms and Conditions to be used by HIOS in allocating the actual gas volumes delivered for the Shippers' accounts from the individual HIOS measurement points to the respective HIOS Receipt Points.
- 1.30 The term "scheduled volume" or "scheduled nomination" shall mean a volume that has been nominated by Shipper and confirmed by HIOS in accordance with Sections 7.2, 7.3 and 7.4 of the General Terms and Conditions, hereof.
- 1.31 The term "Critical Day" shall mean a day during which, in HIOS' judgment (1) conditions exist that could threaten the safe operation or integrity of the HIOS system or (2) steps must be taken to maintain the operations required to provide efficient and reliable firm service of the system.
- 1.32 The term "Primary Path" shall mean the shortest distance along contiguous HIOS-owned transmission facilities deemed to transport Gas from the Primary Points of Receipt to the Primary Points of Delivery.
- 1.33 The term "Compressor Fuel" shall mean the quantity of gas required by HIOS for compressor operations.
- 1.34 The term "Company Use" shall mean the sum of Compressor Fuel plus Unaccounted For Gas.
- 1.35 The term "Company Use Variance" or "CUV" shall mean the variance between the Company Use collected from all Shippers and the actual Company Use during the same period.
- 1.36 The term "Monthly Billing Quantity", or "MBQ", shall be the contractual quantity to be multiplied by the service rate under each firm service Rate Schedule, using the methodology as provided in the applicable Rate Schedule, for purposes of calculating the monthly Bill due to Shipper under such Rate Schedule.

GENERAL TERMS AND CONDITIONS
(Continued)

2. REQUESTS FOR TRANSPORTATION SERVICE

- 2.1 Requests. To seek to qualify for Transportation Service pursuant to Rate Schedules FT-1, FT-2, FT-3 or IT, a potential Shipper shall submit a request for such Service in writing to the Transporter on a Request Form supplied by Transporter. Transporter will time and date stamp each Request Form on the date Transporter receives the completed Request Form. Transporter shall evaluate and respond to such requests as soon as is reasonably possible, after receipt of such request. Such a Request shall be considered acceptable only if the information specified in subsections 2.2(a) through (j) below is provided in writing, but Transporter may waive all or a portion of such information in individual instances, when the information is already in possession of Transporter. Each request for service under Rate Schedule FT-1, FT-2, and FT-3 by or on behalf of each proposed Shipper, user or reseller of gas shall be accompanied by refundable earnest money in the form of a certified or cashier's check payable to HIOS in the amount of the lesser of ten thousand dollars (\$10,000) or the maximum reservation charge which would be due for the first three months for such requested service, which amount shall be applied, until fully used, against the first amounts due by Shipper to Transporter as a reservation charge; provided, however, that if an Agreement with Shipper is not executed, such amount shall be refunded to Shipper.

Requests for service shall be sent to:

High Island Offshore System, L.L.C.
Attn: Manager, Contract Administration
P. O. Box 4324
Houston, Texas 77210-4324

GENERAL TERMS AND CONDITIONS
(Continued)

- ii. The nature of the Shipper(s) (i.e., an interstate pipeline, intrastate pipeline, local distribution company, end-user, producer, or marketer).
- iii. The state in which Shipper is organized or incorporated.
- iv. The affiliation, if any, of the Shipper(s) with HIOS or with any of the Members in HIOS.

2.2(d) Type of service(s) requested

Specify whether desired service is under Rate Schedule FT-1, FT-2, FT-3 or Rate Schedule IT.

2.2(e) Quantity (stated in Dths)

- i. Maximum Daily Quantity (MDQ) to be transported.
- ii. Maximum Daily Volume (MDV), expressed in Dth, to be transported by Point of Receipt. The sum of the MDV's must equal the MDQ.
- iii. For Transportation Service under Rate Schedules FT-1, FT-2, FT-3 and IT, the Maximum Daily Quantity at each Point of Delivery. (It is recognized that limitations of quantities received at individual Point(s) of Receipt may need to be imposed by Transporter, in light of capacity limitations of Point(s) of Receipt and/or pipeline facilities connected thereto.)
- iv. Amount of Associated Liquids, if any, at each Point of Receipt (state in barrels per 1,000 Dth).
- v. Total quantity of Gas requested to be transported over the life of the transportation agreement, defined as the MDQ times the number of days of the requested initial term.

GENERAL TERMS AND CONDITIONS
(Continued)

- 2.4 Request Validity. Shipper's Request for Transportation Service shall be considered null and void if Transporter has tendered an Agreement for execution to Shipper and Shipper fails to execute the Agreement within thirty (30) days thereafter. In determining whether it is feasible to execute an Agreement, in light of available capacity, relative to service under Rate Schedules FT-1, FT-2 and FT-3, after provision for existing requirements on its system, operating constraints and pending requests for service, Transporter will not tender an agreement which relates to requests for firm service for which it does not have sufficient available capacity, relative to service under Rate Schedules FT-1, FT-2 and FT-3, or service which Shipper does not desire to or cannot begin within fifteen (15) days after the execution of the agreement, or such other period as the parties may agree to in writing.
- 2.5 Shipper's Performance. If a Shipper that has executed an Agreement for interruptible transportation service fails, on the later of the date service is to commence or 30 days after the Shipper executes the Agreement or the completion of construction of any necessary facilities or the issuance of any necessary governmental authorization, to nominate, pursuant to Section 7.2 of these General Terms and Conditions, a quantity of Gas for transportation, or fails, having nominated a quantity of Gas and Transporter having scheduled the quantity for transportation, pursuant to Section 7.8 of these General Terms and Conditions, to tender such Gas for transportation on the date it is scheduled, the Transporter may terminate Shipper's Agreement and the Shipper's request for service shall be deemed null and void; provided, however, that the Shipper's Agreement shall not be terminated nor shall the Shipper's request for service be deemed null and void if the Shipper's failure to nominate or tender is caused by an event of force majeure on Transporter's system, as defined in Section 13 of these General Terms and Conditions.

GENERAL TERMS AND CONDITIONS
(Continued)

- 3.6(a) By use of Burnett type apparatus. Such determination shall be made within 60 days of commencement of service under Rate Schedules FT-1, FT-2, FT-3 and IT and annually thereafter.
- 3.6(b) Or, if agreeable to Shipper, by use of the tables or formulas published in the applicable American Gas Association Report referred to in Section 3.6. Determinations of the molecular percentage of nitrogen and carbon dioxide in the Gas will be made within 30 days of commencement of deliveries under Rate Schedules FT-1, FT-2, FT-3 and IT and at least quarterly thereafter. The molecular percentage of nitrogen and carbon dioxide thus determined will be used to determine the supercompressibility factors during the ensuing period with corrections for specific gravity, temperature and pressure.
- 3.7 Measuring Equipment. Unless otherwise agreed upon, Shipper will cause to be provided, maintained, and operated necessary offshore platforms and measuring and regulating stations equipped with flow meters, continuous gas sampler and other necessary measuring equipment by which its volumes of gas delivered to HIOS hereunder shall be determined. Unless otherwise agreed upon, HIOS shall cause to be installed, operated and maintained at its expense a measuring and regulating station or stations equipped with flow meters, gas analyzer and other necessary measuring equipment for the measurement of gas redelivered to or for the account of Shipper; such measuring and regulating stations shall be so installed at the northern terminus of the System or one shall be installed at each of two mutually agreeable points onshore in the vicinity of Johnson's Bayou and Lower Mud Lake, Louisiana to provide measurement on a compatible basis. All flow, measuring, testing, and related equipment shall be of standard manufacture and type approved by HIOS, and the size, type, and specifications of such

GENERAL TERMS AND CONDITIONS
(Continued)

5. CREDITWORTHINESS

- 5.1 HIOS shall not be required to perform or to continue to perform service under Rate Schedules FT-1, FT-2, FT-3 and IT on behalf of any Shipper who is or has become insolvent, or who, at HIOS' request, fails within a reasonable period to demonstrate in HIOS' reasonable determination, the ability to pay all anticipated transportation charges when due for at least three (3) months from the time of demonstration; provided, however, such Shipper may receive service under Rate Schedules FT-1, FT-2, FT-3 and IT if Shipper prepays for such service or furnishes good and sufficient security, as determined by HIOS in its reasonable discretion, in an amount equal to the cost of performing the service requested by Shipper for a three month period, such cost to be determined by multiplying the Shipper's MDQ by the number of days in such three month period multiplied by the applicable overrun rate per Dth, as set forth on Sheet No. 10 of this Tariff. Also refer to Section 2.2(k) and 10.2 of these General Terms and Conditions.
- 5.2 If HIOS requests additional information to be used for credit evaluation after the initiation of service, HIOS, contemporaneous with the request, should provide its reason(s) for requesting the additional information to the Shipper and designate to whom the response should be sent. HIOS and the Shipper may mutually agree to waive the requirements of this standard.
- 5.3 Upon receipt of either an initial or follow-up request from HIOS for information to be used for creditworthiness evaluation, the Shipper's authorized representative(s) should acknowledge receipt of HIOS's request. HIOS and the Shipper may mutually agree to waive the requirements of this standard.
- 5.4 The Shipper's authorized representative(s) should respond to HIOS's request for credit information, as allowed by HIOS's tariff, on or before the due date specified in the request. The Shipper should provide all the credit information requested by HIOS or provide the reason(s) why any of the requested information was not provided.
- 5.5 Upon receipt from the Shipper of all credit information provided pursuant to applicable NAESB WGQ standards, HIOS should notify the Shipper's authorized representative(s) that it has received such information. HIOS and the Shipper may mutually agree to waive the requirements of this standard.

GENERAL TERMS AND CONDITIONS
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6. RECEIPT AND DELIVERY

- 6.1 Points of Receipt. The Points of Receipt hereunder shall be the points of connection between the facilities of HIOS and the facilities of the Shippers or others, including Stingray Pipeline Company, at the points on the System where Shippers shall deliver, or cause to be delivered, Gas to HIOS for transportation service. HIOS will make all Points of Receipt available to all Shippers, either as Primary Points of Receipt or Secondary Points of Receipt, as defined in subsections 6.2 and 6.3 of this Section 6.
- 6.2 Primary Points of Receipt. Primary Points of Receipt are those points set forth on Exhibits A and B of the Transportation Agreement for which an MDV is stated.
- 6.3 Secondary Points of Receipts. Secondary Points of Receipt are all Points of Receipt on HIOS' system other than Primary Points of Receipt as defined in subsection 6.2 of this Section 6.
- 6.4 Changes in Primary Points of Receipt or MDV. An FT-1, FT-2, or FT-3 Shipper shall from time to time notify HIOS in writing of its desire for an additional Primary Point of Receipt or for a change in the MDV at an existing Primary Point of Receipt; provided, however, that the requested changes or additions in the MDV at such Points of Receipt shall not result in the sum of the MDV at each point of receipt in Exhibits A and B to exceed the MDQ of the Transportation Agreement. Such request for change shall be subject to the capacity provisions described in Sections 3 and 4 of the Preliminary Statement and HIOS shall have fifteen (15) days from receipt of Shipper's written request to evaluate the change with respect to capacity availability. To the extent capacity is available at the desired receipt point, such capacity shall be available within one (1) business day after the fifteen (15) day evaluation period. Exhibits A and B of the Transportation Agreement shall be amended and executed by the parties to reflect the authorized change.

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7.9 Receipt and Delivery Point Priority

7.9(a) HIOS shall schedule the receipts and deliveries of gas of each Shipper, on each day, in sequence, from highest to lowest priority, as follows: (1) first, among HIOS' firm Rate Schedules FT-1, FT-2 and FT-3 transportation customers at Primary Points of Receipt and Primary Points of Delivery, up to each such customer's Maximum Daily Quantity, as applicable; (2) second, among HIOS' firm Rate Schedules FT-1, FT-2 and FT-3 transportation customers at Secondary Points of Receipt and Secondary Points of Delivery only within the Primary Path, up to each such customer's Maximum Daily Quantity, as applicable; (3) third, among HIOS' firm Rate Schedules FT-1, FT-2 and FT-3 transportation customers at any points outside of the Primary Path, up to each such customer's Maximum Daily Quantity, as applicable; (4) fourth, among HIOS' interruptible Rate Schedule IT transportation customers, up to each such customer's Currently Effective Maximum Daily Quantity, as applicable, and all overrun service. In the event that nominations received in sequencing category (1), (2) or (3) above exceed the capacity available, then the available capacity shall be allocated pro rata based on the nominations received in each such category. In the event that the nominations received in sequencing category (4) above exceed the capacity available to that individual sequencing category, then the available capacity shall be allocated within the sequencing category as follows: first, on the basis of the price paid to HIOS for the service being nominated, with the nominated service paying the highest price receiving the highest priority; and if insufficient capacity still remains, then on the basis of the date of the service agreement underlying the nomination, with the nomination under the service agreement having the oldest date receiving the highest priority, provided that, in the event of a tie in service agreement dates, then pro rata among the tying service agreements based on the nominations received under each of the tying agreements.

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- 7.9(b) Utilization of Secondary Points of Receipt or Secondary Points of Delivery by a Shipper under the FT-1, FT-2 or FT-3 Rate Schedule shall not cause any diminution of such Shipper's entitlement to firm service at Shipper's Primary Points of Receipt or Primary Points of Delivery.
- 7.9(c) HIOS shall be obligated to act upon a request for use of a Secondary Point of Receipt or Secondary Points of Delivery, or change in use of a Secondary Point of Receipt or Secondary Points of Delivery, within one (1) business day of such request.
- 7.10 Receipt of Gas. Departures from the scheduled deliveries at the points of receipt shall be kept to the minimum permitted by operating conditions, and shall be balanced as soon as practicable.
- 7.11 Delivery of Gas. Based upon the daily volumes scheduled, such information as may be available concerning the volumes actually received, and after first making adjustments for any prior imbalance in receipts, HIOS shall daily make delivery, to the extent practicable, of Equivalent Volumes of Gas at the points of delivery.
- 7.12 Hourly Variation. Deliveries shall be made at uniform hourly rates to the extent practicable.

GENERAL TERMS AND CONDITIONS
(Continued)

- 7.15 Operational Balancing Agreements. HIOS recognizes that, despite best efforts to match deliveries of gas volumes to the designated interconnecting pipeline at the HIOS delivery point with the gas volumes allocated to the Shippers' account at the same HIOS delivery point, imbalances in the aggregate of all Shippers' gas volumes intended for delivery to the designated interconnecting pipeline may occur. HIOS may enter into an Operational Balancing Agreement (OBA) with the interconnecting pipeline at each HIOS delivery point on a nondiscriminatory basis, the terms and conditions of which will provide for the resolution of any imbalances. A pro forma OBA is set forth on Sheet Nos. 180-183 of this Tariff.
- Any subsequent provisions that may be entered into pursuant to the "mutually agreed" to provisions of the pro forma OBA are to be consistent with the terms of this Tariff.
- 7.16 Segmentation of Capacity. Any Shipper receiving firm transportation service under Rate Schedules FT-1, FT-2 or FT-3 may segment its capacity by nominating service at any Points of Receipt and Points of Delivery along the System, provided that: (1) the segmentation nomination is operationally feasible; (2) the total of the segmentation nominations by the original Shipper or a combination of Releasing and Replacement Shippers on any overlapping segment does not exceed the firm entitlements of the underlying segmented Service Agreement; (3) capacity exists at the applicable Points of Receipt and Points of Delivery subject to the segmentation nomination; and (4) all gas transported through Shipper's use of segmentation opportunities hereunder remains in compliance with the gas quality and thermal content requirements of this tariff. The total of segmentation nominations by the original Shipper or a combination of Releasing and Replacement Shipper(s) may exceed the firm entitlements of the underlying segmented Service Agreement at a Point of Receipt or a Point of Delivery provided that any resulting overlap of contract quantities at a point may consist only of a forwardhaul up to the firm entitlement(s) and a backhaul up to the firm entitlement(s) to the same point at the same time. Subject to the limits set forth herein, Shippers acquiring segmented capacity shall also be permitted to nominate Secondary Points of Receipt and Secondary Points of Delivery up to Shipper's Maximum Daily Quantity.
- Further, if both the Primary Point of Receipt and Primary Point of Delivery in the underlying Service Agreement are located downstream of High Island Block 264 then any segmentation nomination to either a Receipt or Delivery Point located upstream of High Island Block 264 shall be subject to the applicable Long Haul Rate. For purposes of determining whether a nominated segmented release is operationally feasible, HIOS shall take into consideration the availability of mainline and/or point capacity, the location on HIOS' System of the nominated segment, and whether or not the nomination is otherwise consistent with the tariff requirements and scheduling practices for all of HIOS' services.

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Volumes shall be curtailed in the following order: (1) pro rata among both requests for overrun service and confirmed nominations for service under Rate Schedule IT, up to the Maximum Daily Volumes of the shippers nominating Rate Schedule IT service; (2) pro rata among confirmed nominations for service under Rate Schedules FT-1, FT-2 and FT-3, up to the Maximum Daily Quantities, as applicable, of the shippers nominating Rate Schedules FT-1, FT-2 or FT-3 service.

15. CONSTRUCTION OF DELIVERY LATERALS

Unless otherwise agreed to in writing, HIOS shall not be required to construct, own or operate delivery lateral facilities. In the event that HIOS does agree to construct, own, or operate delivery lateral facilities, it will do so in a nondiscriminatory manner, and HIOS may require the reimbursement of the costs associated therewith as agreed to by the parties. Nothing herein shall require HIOS to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act, nor shall anything herein be construed to authorize the filing of such an application by others on its behalf. Moreover, nothing herein shall prevent HIOS from contesting an application for service filed pursuant to Section 7(a) of the Natural Gas Act. HIOS reserves the right to seek a waiver of the policy set forth herein for good cause shown.

16. RIGHT OF FIRST REFUSAL

16.1 Purpose of Section. Subject to the procedures and conditions set forth in the following subsections of this Section 16, an existing firm shipper that is served by HIOS pursuant to a Transportation Agreement under this Tariff with a primary term of one year or longer shall be afforded a right of first refusal, at the end of such primary term or any extension thereof of one (1) year or longer, to continue its firm capacity entitlements under the Transportation Agreement. Any such existing firm shipper is hereinafter referred to as an "Existing Shipper".

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16.5(c) The period of time that the Qualified Bidder proposes to take the capacity; and

16.5(d) The reservation charge that the Qualified Bidder proposes to pay for the capacity.

HIOS shall be under no obligation to accept or consider Qualified Bids at less than the maximum reservation charge. However, HIOS will inform the Existing Shipper of the maximum bid that was received, or the fact that no bids were received.

16.6 Qualification of Bidders. In order to qualify for available capacity, a prospective shipper must first:

16.6(a) Demonstrate, to HIOS' reasonable satisfaction, that it is creditworthy in accordance with Sections 2.2(k) and 5 of the General Terms and Conditions of this Tariff; and

16.6(b) Provide to HIOS a statement of its willingness and ability to: (1) execute a Transportation Agreement for firm transportation service in accordance with Rate Schedule FT-1, FT-2 or FT-3 of this Tariff; and (2) become a party to the Gas Allocation Agreement between HIOS and its shippers.

In the interest of expediting HIOS' creditworthiness review, a prospective shipper may submit to HIOS, at any time, the credit evaluation materials described in Section 2.2(k) of the General Terms and Conditions of this Tariff. HIOS reserves the right to request additional or renewed credit evaluation materials at any time for the purpose of reviewing a completed creditworthiness evaluation.

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end of such additional fixed period, again exercise a right of first refusal under this Section 16 for such capacity. HIOS reserves the right to initiate the posting, competitive bidding, and right of first refusal procedures in this Section 16 in advance of any successive extension of the existing Transportation Agreement.

17. CAPACITY RELEASE

17.1 Eligibility. Subject to the procedures and conditions set forth in the following subsections of this Section 17, any holder of firm capacity rights under Rate Schedules FT-1 and FT-3 of this Tariff, including any person that acquired such rights through release pursuant to such procedures and conditions, may release all such rights, or a part thereof, to another person. Any such person that seeks to release firm capacity rights is hereinafter referred to as a "Releasing Shipper". The person to whom such rights are released is hereinafter referred to as the "Replacement Shipper". For the purposes of certain provisions of this Section 17, the "Replacement Shipper" may be referred to as the "Prearranged Shipper" as that term is defined in subsection 17.4 of this Section 17, where applicable.

17.2 Limitations on Releases. Any proposed release of capacity under this Section 17 shall be subject to the following limitations:

17.2(a) The Capacity Release timeline is applicable to all parties involved in the Capacity Release process; however, it is only applicable if (1) all information provided by the parties to the transaction is valid and the Replacement Shipper has been determined to be creditworthy, in accordance with Sections 2.2(k) and 5, hereof, before the capacity release bid is tendered and (2) there are no special terms or conditions of the release.

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- 17.2(b) Period of Release. Any proposed release of capacity must be for a period of no less than one (1) day, as defined in subsection 1.5 of the General Terms and Conditions, and no more than the remaining primary term of the Transportation Agreement between the Releasing Shipper and HIOS.
- 17.2(c) Volume of Release. Any proposed release of capacity must be in an amount of no less than 100 Dth at any specific receipt point, and no more than the Releasing Shipper is entitled to, by receipt point, delivery point, and in total, under its Transportation Agreement with HIOS.
- 17.2(d) FT-2 Capacity Releases.
 - i. Temporary Releases. A Shipper under Rate Schedule FT-2 may release capacity in accordance with the terms and conditions of this Section 17 for periods less than the remaining primary term of its FT-2 Agreement only during months in which Shipper is being billed a Reservation Charge pursuant to Section 4 of Rate Schedule FT-2.
 - ii. Permanent Releases. A Shipper under Rate Schedule FT-2 may release capacity in accordance with the terms and conditions of this Section 17 for the remaining primary term of its FT-2 Agreement only where the Replacement Shipper (a) has complied with all of the terms and conditions relative to Rate Schedule FT-2, Rate Schedule FT-1 or Rate Schedule FT-3, (b) has executed a FT-2, FT-1 or Rate Schedule FT-3 Agreement with HIOS for the released capacity at the rate and for the primary term originally set forth in Releasing Shipper's Transportation Agreement with HIOS, and (c) has succeeded to, or otherwise acquired, that portion of the gas reserves that are committed under the Reserve

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Commitment Agreement that corresponds to the amount of capacity being released, all unless HIOS agrees otherwise in a nondiscriminatory manner.

- 17.2(e) Maximum Reservation Charge. Pursuant to 18 C.F.R. Section 284.8(i) of the Commission's regulations, until September 30, 2002, for releases with terms of less than one year, the Releasing Shipper may specify a rate for the released capacity that exceeds the maximum rate stated on the then-effective Sheet No. 10. For releases with terms of one year or more and for all releases after September 30, 2002, a Releasing Shipper may not specify a reservation charge for the released capacity that exceeds the maximum reservation charge stated on the then-effective Sheet No. 10 of this Tariff. For releases with terms of one year or more and for all releases after September 30, 2002, a Releasing Shipper may, however, specify a volumetric reservation charge, provided that such charge does not exceed the maximum reservation charge stated on the then-effective Sheet No. 10 of this Tariff when converted to a volumetric charge on a one hundred percent (100%) load factor basis.
- 17.2(f) Other Terms or Conditions. A Releasing Shipper may not specify any terms or conditions for the release that conflict with the terms and conditions of: (1) the Releasing Shipper's Rate Schedule FT-1 or FT-3 Transportation Agreement with HIOS; or (2) this tariff.

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charge, or higher if applicable pursuant to Section 17.2(e) hereof, shall be deemed to include all non-commodity based charges provided under HIOS' tariff for the capacity to be released, including, but not limited to, any F.E.R.C. Order No. 636 transition costs attributable to the capacity to be released. Unless the Qualified Bid states otherwise, a Qualified Bid for a reservation charge less than HIOS' maximum reservation charge shall not include any such non-commodity based charges not directly included in the reservation charge stated in HIOS' tariff.

17.6(g) The Qualified Bid must commit to payment of the maximum commodity charge for Rate Schedule FT-1, FT-2 or FT-3 service, as set forth on Sheet No. 10 of this Tariff, in connection with use of the capacity to be released, as well as all other applicable add-on charges and surcharges under HIOS' tariff, including, but not limited to, the ACA charge and any F.E.R.C. Order No. 636 commodity-based transition cost recovery surcharge.

17.7 Bid Selection Procedures

17.7(a) HIOS shall rank all bids and select the "best bid" or "better offer" as defined in Section 17.7(b) from among the bids received. However, if more than one bidder submits the "best bid" or "better offer", the first bidder in time, inclusive of the Prearranged Shipper, shall be selected and posted as the "best bid" or "better offer", unless the Releasing Shipper specifies another tie-breaking methodology in its Release Proposal. If multiple bids meeting minimum conditions have been submitted, bids shall be awarded best bid or better offer first, until all offered capacity is awarded. Any bid submitted for released capacity

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Release Proposal. If the Prearranged Shipper declines to match the highest-value Qualified Bid, then the first award of available capacity shall be granted to the Qualified Bidder that made such highest-value Qualified Bid.

17.7(d) Notification of Winners. HIOS shall notify winning Qualified Bidders and/or Prearranged Shippers, via HIOS' Interactive Internet Website by 3:00 p.m. Central Time of their award of capacity. An award of released capacity shall be deemed to occur on the date that such notification occurs, or, in the case of a short-term Prearranged Transaction, on the date that HIOS receives the associated Release Proposal from the Releasing Shipper. The effective date of the release shall be determined in accordance with subsection 17.8 of this Section 17.

17.7(e) HIOS shall post the winning bid, and name of the winning bidder on its Interactive Internet Website for five (5) days.

17.8 Effecting Service for the Replacement Shipper.

17.8(a) A release of capacity under this Section 17 shall become effective on the later of:

- (1) the date specified for such release in the Release Proposal/Prearranged Transaction, as applicable;
- (2) the date that HIOS receives a Rate Schedule FT-1, FT-2 or FT-3 Transportation Agreement that has been executed by the Replacement Shipper, and that includes specification of the MDQ, receipt point entitlements, and delivery point entitlements that have been released to that Replacement Shipper;
- (3) the

GENERAL TERMS AND CONDITIONS
(Continued)

Transportation Agreement for firm transportation service that conforms to Rate Schedule FT-1, FT-2 or FT-3 of this Tariff; and (2) become a party to the Gas Allocation Agreement between HIOS and its shippers.

- 17.11(b) HIOS reserves the right to request additional or renewed credit evaluation materials at any time for the purpose of reviewing a completed creditworthiness evaluation.

17.12 Rights and Obligations of the Releasing Shipper and the Replacement Shipper.

- 17.12(a) General Commitment of Replacement Shipper. By acquiring released capacity, a Replacement Shipper agrees that it will comply with all of the provisions of this Tariff, the terms and conditions of the executed Rate Schedules FT-1, FT-2 and FT-3 Transportation Agreement, and the applicable orders, rules, and regulations of the Federal Energy Regulatory Commission. The Replacement Shipper shall remain fully liable to HIOS at the end of the term of the release transaction for all responsibilities under its Transportation Agreement with HIOS, including, but not limited to, all charges incurred by the Replacement Shipper.

- 17.12(b) Continuing Obligations of Releasing Shipper. The original Releasing Shipper in any sequence of one or more releases involving the same capacity ("Original Releasing Shipper") shall continue to be liable for all reservation charges associated with the released capacity, up to the reservation charge specified in the Original Releasing Shipper's underlying

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Rate Schedules FT-1, FT-2 and FT-3 Transportation Agreement with HIOS. By releasing firm capacity to a Replacement Shipper, the Releasing Shipper recognizes and agrees that such release shall reduce the Releasing Shipper's firm capacity rights under its underlying Transportation Agreement with HIOS during the term of the release, beginning on the effective date thereof, except for any period that the released capacity is recalled by the Releasing Shipper.

17.12(c) Release by Replacement Shipper. A release of capacity by a Replacement Shipper shall not relieve the Original Releasing Shipper, or any Replacement Shipper in the sequence of releases between the Original Releasing Shipper and the Replacement Shipper holding the capacity, of their obligations under this tariff or their respective Transportation Agreements with HIOS. Re-releases may be on the same terms and conditions as the primary release (except as prohibited by F.E.R.C. regulations).

17.12(d) Changes in Receipt or Delivery Points. A Releasing Shipper may include in its Release Proposal restrictions on the Replacement Shipper's ability to modify primary receipt and delivery points in its Transportation Agreement with HIOS. In the absence of any restrictions, the Releasing Shipper shall be deemed to have amended its Transportation Agreement to incorporate the changes to primary receipt and delivery points made effective by any Replacement Shipper in the sequence of releases between the Original Releasing Shipper and the Replacement Shipper holding the capacity.

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- 18.2(a) Qualification of Replacement Downstream Shipper. Any prospective Replacement Downstream Shipper that would take assigned capacity must qualify for such assignment under the requirements of subsection 18.4 of this Section 18.
- 18.2(b) Permanence of the Assignment. Any assignment of capacity shall be permanent, and shall not be subject to recall by the Assigning Shipper.
- 18.2(c) Volume of Assignment. Any assignment of capacity must be in an amount of no less than 100 Dth at any specific receipt point, and no more than the Assigning Shipper is entitled to, by receipt point, delivery point, and in total, under its Transportation Agreement with HIOS.
- 18.2(d) Terms and Conditions of Assignment. A Replacement Downstream Shipper that takes assigned capacity must accept all of the terms and conditions of the Assigning Shipper's Transportation Agreement with HIOS, including the remaining primary term thereof. A Replacement Downstream Shipper that takes assigned capacity shall execute a Rate Schedule FT-1 or FT-3 Transportation Agreement with HIOS, covering use of the assigned capacity.
- 18.2(e) Provision Regarding Continuing Obligation of Assigning Shipper. The Assigning Shipper may request from HIOS a release from its obligations under the Assigning Shipper's Transportation Agreement with HIOS; subject to the approval of HIOS' creditors to whom said Transportation Agreement has been pledged, HIOS shall act on Assigning Shipper's request for release from its obligations on a nondiscriminatory basis, and shall not unreasonably withhold approval

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26. Discounting

HIOS and Shipper may agree that a specified discounted rate will apply: (a) to Rate Schedules IT, FT-1, FT-2 and FT-3 ; (b) only if specified quantity levels are actually achieved under Shipper's service agreement (with higher rates, charges, and fees applicable to all quantities above those levels, or to all quantities under Shipper's service agreement if the specified levels are not achieved); (c) only to natural gas reserves committed by the Shipper; (d) only during specified time periods; or (e) only to specified Points of Receipt, Points of Delivery, transportation paths, or defined geographical areas; provided, however, that any such discounted rates set forth above shall be between the minimum and maximum rates applicable to the service provided under HIOS' Tariff.

Such forms of discounts shall not be considered a material deviation from HIOS' pro forma service agreements as a result of such discounts and HIOS shall not be required to file such agreements with the Commission as a non-conforming agreement because of such discounts.

In addition, the discount agreement may include a provision that if one rate component that was at or below the applicable Maximum Rate at the time the discount agreement was executed subsequently exceeds the applicable Maximum Rate due to a change in HIOS' Maximum Rates so that such rate component must be adjusted downward to equal the new applicable Maximum Rate, then other rate components may be adjusted upward to achieve the agreed overall rate, as long as none of the resulting rate components exceeds the Maximum Rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission Order accepts revised tariff sheet rates. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates that had been charged under a discount agreement exceeded rates that ultimately are found to be just and reasonable.

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28.3(b) Unaccounted For Gas. The Unaccounted For Gas percentage shall be calculated annually as the quotient of a) the Unaccounted For Gas experienced for the previous calendar year ending each December 31 and b) the projected quantity of gas received by HIOS for the account of Shippers during the recovery period. HIOS shall include supporting workpapers.

28.3(c) Company Use True up. As part of each annual filing made pursuant to this Section 28, HIOS shall calculate a Company Use True up percentage each year as the quotient of a) the Company Use Variance on the balance sheet of the company as of the end of the previous calendar year, plus carrying charges, and b) the projected quantity of gas received by HIOS for the account of Shippers during the recovery period. HIOS shall include supporting workpapers.

Notwithstanding the foregoing, HIOS shall mitigate any positive Company Use true-up as provided herein. If, at the end of a calendar year, HIOS has a negative Company Use Variance and calculates a positive Company Use true-up pursuant to this Section; and during the same calendar year utilized herein HIOS realizes net positive cashout revenue as provided in Section 8.6 of these General Terms and Conditions; then HIOS shall utilize such net positive revenues to either purchase or offset Gas quantities and reduce or eliminate any such positive Company Use true-up. To purchase said quantities, HIOS shall post a notice on its bulletin board soliciting bids for the sale of the Gas and shall accept the bid(s) with the lowest net cost to HIOS.

28.3(d) Company Use Percentage. The Company Use Percentage shall equal the sum of the Compressor Fuel percentage, the Unaccounted For Gas percentage and the Company Use True up percentage.

29. THIRD PARTY CHARGES

Shipper responsible for delivering all Gas to Transporter's system, and shall be free to contract with third party(ies) to achieve such result. If Shipper requests, and Transporter agrees, that Transporter shall, for service to Shipper, use transportation service which Transporter has contracted for with third party(ies) on behalf of Shipper, Shipper will pay Transporter an amount equal to the charges Transporter is obligated to pay to third party(ies) for transportation or other services attributable to performance of Service on behalf of Shipper under this Rate Schedule. Such charges include, but are not limited to, compression fuel charges, compression fees, Gas handling fees, measurement fees, processing fees, facility rents, or charges that Transporter pays to a third party for Transportation of Shipper's Gas, including the third party's filing and regulatory fees. Such charges, as they may be from time to time, shall be set forth as separate items on billings rendered to Shipper.

30. OFF-SYSTEM CAPACITY

From time to time, Transporter may enter into transportation and/or storage agreements with other interstate and intrastate pipelines and storage providers ("off-system capacity"). In the event that Transporter acquires off-system capacity, Transporter

GENERAL TERMS AND CONDITIONS
(Continued)

will use such capacity for operational reasons or to render service for its Shippers. In the event that Transporter uses off-system capacity to render service for its Shippers, it will only render service to Shippers on the acquired capacity pursuant to Transporter's FERC Gas Tariff and subject to Transporter's approved rates, as such tariff and rates may change from time to time. For purposes of transactions entered into subject to this section, the "Shipper must have title" requirement is waived.

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
NOMINATION REQUEST FORM

Time/Date Stamp: _____

Service Provider Name: _____
Service Provider ID #: _____

Service Requester Name: _____
Service Requester ID#: _____
Representative: _____
Telephone No.: _____
Facsimile No.: _____

Beginning Date: _____
Beginning Time: _____
Ending Date: _____
Ending Time: _____

Capacity Type Indicator (FT-1, FT-2, FT-3, IT): _____

Model Type: _____

Service Requester Contract Number: _____

Quantity Type Indicator: _____

Longhaul: _____
Shorthaul: _____

Transaction Type: _____

ALWAYS FACSIMILE NOMINATION REQUESTS TO THE FOLLOWING LOCATION:

High Island Offshore System, L.L.C.
P. O. Box 4324
Houston, Texas 77210-4324
Attn: Manager, Contract Administration
Facsimile No.: (713) 803-7996
Telephone No.: (713) 803-7940

Upstream Identifier Code	Producer Operator Name	HIOS Electronic Measurement Location	Dth/D	Lateral Transporter	Downstream Shipper	Downstream Contract Number	Quantity Dth/D
-----	-----	-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----

By signing this Nomination/Schedule, Shipper certifies that Shipper has title to the gas or right to deliver the gas which is to be transported by HIOS.

By: _____

Title: _____

Transportation Service Request Form
(Continued)

State in Which Shipper is Organized or Incorporated: _____

Shipper's Affiliation With HIOS or Any Member in HIOS: _____

Address for _____
Statements & _____
Invoices _____
Attention: _____ Telephone: _____

Dispatch & Control Representative _____
Telephone No. _____ Telecopier: _____

For All _____
Other Matters _____
Attention: _____ Telephone: _____

3. Term of Service

Date service is requested to commence: _____

Date service is requested to terminate: _____

4. This request is for: (Check One)

_____ Interruptible Service under Rate Schedule IT

_____ Firm Service under Rate Schedule FT-1

_____ Firm Service under Rate Schedule FT-2

_____ Firm Service under Rate Schedule FT-3

5. Requested Maximum Daily Quantity (MDQ)

_____ Dth per day

6. Requested total quantity for initial term (MDQ x days in initial term)

_____ Dth

7 Liquids & Liquefiabiles

Is Shipper requesting transportation of Associated Liquids?

YES _____ NO _____

If yes, name and location of Processing Plant: _____

(Attach a table showing associated liquids at points of receipt)

Transportation Service Request Form
(Continued)

8. Point(s) of Receipt

Location

Short Haul Point(s) of Receipt -----	Maximum Daily Volumes in Dth @ 14.73 Psia -----	Central Lateral Point(s) of Receipt -----	Maximum Daily Volumes in Dth @ 14.73 Psia -----
H.I. A-218		H.I. A-281	
H.I. A-247		H.I. A-303	
W.C. 314		H.I. A-340	
W.C. 342		H.I. A-546	
W.C. 376		H.I. A-573	
West Lateral Point(s) of Receipt -----	Maximum Daily Volumes in Dth @ 14.73 Psia -----	East Lateral Point(s) of Receipt -----	Maximum Daily Volumes in Dth @ 14.73 Psia -----
H.I. A-270		H.I. A-271	
H.I. A-283		H.I. A-280	
H.I. A-468		H.I. A-298	
H.I. A-470		H.I. A-316	
H.I. A-492		H.I. A-323	
H.I. A-498		H.I. A-343M	
H.I. A-526		H.I. A-345	
H.I. A-539		H.I. A-332	
H.I. A-555		H.I. A-330M	
H.I. A-582M			

(If more space is required, please attach a listing).

9. Point(s) of Delivery

Location -----	MDQ FT-1/FT-2/FT-3 -----	Party Receiving Gas from HIOS -----
(1) ANR Pipeline/W.C. 167	_____	_____
(2) UTOS/W.C. 167	_____	_____
(3) Stingray/H.I. 330	_____	_____
(4) Tennessee Gas Pipeline /W.C. 167	_____	_____

FORM OF RESERVE COMMITMENT AGREEMENT
(Continued)

- 1.3 Any Capitalized terms not defined herein shall have the meaning ascribed thereto in Transporter's F.E.R.C. Gas Tariff.

ARTICLE II
RESERVE DEDICATION

- 2.1 Subject to the provisions of Sections 2.4 and 2.5, Shipper hereby agrees to deliver into and transport through Transporter's pipeline facilities under a Transportation Agreement under Rate Schedule FT-2, "FT-2 Agreement," or under Rate Schedule FT-1, "FT-1 Agreement" between Shipper and Transporter all gas produced by or for the account of Shipper, or any affiliate of Shipper, from the Committed Lease(s) for the producible life of the Committed Lease(s).
- 2.2(a) In the event Shipper should transfer or assign any or all of its rights, title and/or interest in the Committed Lease(s), Shipper agrees that (i) it shall notify Transporter in writing of its intent of such assignment as soon as practicable and (ii) any such transfer or assignment will be made subject to the terms of this Agreement, it being the intent of the parties hereto subject to the provisions of Article V and this Article II, that the Committed Lease(s) remain dedicated for purposes of transportation under Rate Schedule FT-2, Rate Schedule FT-1, and/or Rate Schedule FT-3 to Transporter's pipeline facilities for the producible life of the Committed Lease(s). All of the provisions of this Agreement shall be applicable to assignees of Shipper's interests in the Committed Lease(s), and such assignees shall receive a proportionate assignment of the rights and obligations hereunder with respect to the Committed Lease(s) so assigned. Upon such assignment, Shipper shall be relieved of its obligations under this Agreement to the extent, and only to the extent, such obligations are assigned to a third party.
- (b) Shipper shall be entitled to unitize any Committed Lease(s) with one or more additional OCS leases without the consent of Transporter. In the event of such unitization, then (i) such unitization shall not be deemed a transfer or assignment of Shipper's interest for the purpose of this Agreement and (ii) only the gas production attributable to Shipper's interest in the unit shall be subject to the provisions of this Agreement or be entitled to the services provided by the associated FT-2 Agreement. For purposes of this Section 2.2 (b), "unitize" or "unitization" shall mean the combination of all or parts of the leases in a prospect, reservoir, or field such that development and operation of the unit are provided

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PRELIMINARY STATEMENT

1. In General

High Island Offshore System ("HIOS") is a natural gas company engaged in the business of transporting natural gas and operating in the federal domain, offshore Louisiana and offshore Texas.

HIOS shares no operating personnel or facilities with any of its affiliated marketing or brokering companies.

2. Transportation Agreement

2.1 The Transportation Agreement contained in HIOS' F.E.R.C. Gas Tariff, Third Revised Volume No. 1, and designated for use under transportation Rate Schedule FT-1, sets forth the terms and conditions of firm service under that rate schedule. The Transportation Agreement under Rate Schedule FT-1 shall be used in all instances where HIOS enters into a new agreement to perform firm, FT-1 transportation service.

2.2 The Transportation Agreement contained in HIOS' F.E.R.C. Gas Tariff, Third Revised Volume No. 1, and designated for use under transportation Rate Schedule FT-2, sets forth the terms and conditions of firm service under that rate schedule. The Transportation Agreement under Rate Schedule FT-2 shall be used in all instances where HIOS enters into a new agreement to perform ~~flexible-firm~~, FT-2 transportation service.

2.3 The Transportation Agreement contained in HIOS' F.E.R.C. Gas Tariff, Third Revised Volume No. 1, and designated for use under transportation Rate Schedule FT-3, sets forth the terms and conditions of firm service under that rate schedule. The Transportation Agreement under Rate Schedule FT-3 shall be used in all instances where HIOS enters into a new agreement to perform firm, FT-3 transportation service.

2.3 The Transportation Agreement contained in HIOS' F.E.R.C. Gas Tariff, Third Revised Volume No. 1, and designated for use under transportation Rate Schedule IT, sets forth the terms and conditions of interruptible service under that rate schedule. The Transportation Agreement under Rate Schedule IT shall be used in all instances where HIOS enters into a new agreement to perform interruptible transportation service.

PRELIMINARY STATEMENT

3. Main Line Capacity*

The procedure to be followed by a new shipper, in order to receive firm or interruptible transportation service on HIOS' main line, is set forth in Section 2 of the General Terms and Conditions for Rate Schedules FT-1, FT-2, and FT-3 and IT.

4. Lateral Line Capacity

4.1 The maximum obligation of HIOS to receive gas at any Point of Receipt is set forth in the Transportation Agreements referenced in Paragraph 2 above.

4.2 To the extent that firm capacity is available on any lateral in excess of the total obligation of HIOS to receive volumes on such lateral, it is the policy of HIOS to allocate such available firm capacity to shippers, both existing and new, on a "first come, first served" and non-discriminatory basis.**

4.3 To the extent that "interruptible capacity" is available on any lateral of the system, on any day, after all nominations for "interruptible overrun capacity" have been satisfied, HIOS will allocate such capacity to any shipper, having Points of Receipt on the lateral, on a "first come, first served basis" as set forth in Section 7.9 of the General Terms and Conditions.***

5. Posting of Available Firm Capacity

To the extent that firm capacity is available on the mainline or on the lateral lines that is in excess of the total contracted obligation for that line, HIOS will post by line such available capacity on its Interactive Internet Website.

* HIOS' main line is that segment of its system which lies between High Island Block A-264 and West Cameron Block 167.

** With respect to a new shipper, that shipper must first receive an allocation of firm capacity on the main line before its request for firm lateral capacity will be considered. As to an existing firm shipper, it is assumed that such a shipper already has available to it the necessary firm main line capacity. Short haul entitlements require main line capacity only.

*** With respect to a new shipper, that shipper must first receive an allocation of interruptible capacity on the main line before its request for interruptible lateral capacity will be considered. As to an existing interruptible shipper, it is assumed that such a shipper already has available to it the necessary interruptible main line capacity.

SCHEDULE OF RATES AND CHARGES

	Maximum Rate -----	Minimum Rate -----	
Rate Schedule FT--1			
1) Reservation Rate	\$ 2.7507 <u>8.2824</u>	\$.00	
2) Commodity Rate	\$.0013	\$.0013 <u>\$.00</u>	\$
<u>.00</u>			
3) Overrun/Volumetric Rate *			
a) Long Haul	\$.0918	\$.0013 <u>2723</u>	\$
a) Short Haul	\$.0367	\$.0013 <u>1089</u>	\$
<u>.00</u>			
Rate Schedule FT-2			
1) Reservation Rate	\$ 2.7507 <u>8.9058</u>	\$.00	
2) Commodity Rate	\$.0013	\$.0013 <u>\$.00</u>	\$
<u>.00</u>			
3) Overrun/Volumetric Rate *			
a) Long Haul	\$.0918	\$.0013 <u>2928</u>	\$
a) Short Haul	\$.0367	\$.0013 <u>1171</u>	\$
<u>.00</u>			
Rate Schedule FT-3			
1) Reservation Rate	<u>\$ 8.9058</u>	<u>\$.00</u>	
2) Commodity Rate	<u>\$.00</u>	<u>\$.00</u>	
3) Overrun/Volumetric Rate *			
a) Long Haul	<u>\$.2928</u>	<u>\$.00</u>	
a) Short Haul	<u>\$.1171</u>	<u>\$.00</u>	
Rate Schedule IT			
1) Long Haul	\$.0918	\$.0013 <u>2928</u>	\$
<u>.00</u>			
2) Short Haul	\$.0367	\$.0013 <u>1171</u>	\$
<u>.00</u>			

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
THIRD REVISED VOLUME NO. 1

Fifth Revised Sheet No. 10
Fourth Revised Sheet No. 10
Effective: July 7, 2005
Issued: January 19, 2006
Page 2

* This rate applicable for releases of firm capacity on a volumetric basis.

RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This rate schedule is available to any Shipper in the High Island Offshore System L.L.C. (HIOS or Transporter) for the transportation of gas on a firm basis where: (1) Transporter has determined that it has sufficient available capacity to perform service requested by Shipper; (2) the Shipper has demonstrated, to HIOS' reasonable satisfaction, that it is creditworthy in accordance with Section 5 of the General Terms and Conditions; (3) the Shipper has executed a Transportation Agreement with HIOS for firm service, and, if the Transportation Agreement is executed after October 1, 2006, for a minimum term of one (1) year; (4) the Shipper has become a party to the "Gas Allocation Agreement"; and (5) the Shipper has executed an NGL Bank Agreement with HIOS and with the Administrator in the form contained in HIOS' Tariff. For any period when there is no corresponding NGL Bank Agreement in effect ("non-compliance period") HIOS is entitled to suspend service on any Transportation Agreement executed with HIOS for service under this rate schedule for the duration of the non-compliance period.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This rate schedule shall apply to all natural gas transported under a Transportation Agreement executed with HIOS for firm service under this rate schedule.

2.2 Service hereunder shall have a comparable priority with service under FT-2 and FT-3; and

2.3 Pursuant to this rate schedule, HIOS will provide firm transportation for Shipper up to the Maximum Daily Quantity (MDQ) specified in the Transportation Agreement (Agreement). Shipper may tender gas to HIOS at the Points of Receipt specified in said Agreement, and HIOS shall receive such gas at said Points of Receipt and redeliver an Equivalent Volume for the account of Shipper at the Points of Delivery specified in said Agreement.

3. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Tariff are applicable to this rate schedule.

4. RATES AND CHARGES

4.1 Transportation Charge. Shipper agrees to pay HIOS an amount each month equal to the sum of a reservation charge and a commodity charge determined as follows:

RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE
(Continued)

- (a) The reservation charge shall be the product of ~~100% of Shipper's Maximum Daily Quantity~~ MBQ (40% of Shipper's ~~MDQ~~ MBQ in the case of short haul) and Transporter's effective reservation charge per Dth, for FT-1 service, as set forth on Sheet No. 10 of this Tariff. For purposes of this calculation, the MBQ shall be equal to the peak day deliveries by Transporter for Shipper during the applicable Month (40% of the peak day deliveries in the case of short haul), but in no event shall the MBQ be less than 90% of the MDQ, or more than 100% of the MDQ specified in the Transportation Agreement.
- (b) The commodity charge shall consist of the product of the commodity rate, set forth on Sheet No. 10 of this Tariff, and the sum of (1) the monthly volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at the Points of Receipt set forth in Exhibit A of the Transportation Agreement, and (2) the monthly volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at the Points of Receipt set forth in Exhibit B of the Transportation Agreement.
- 4.2 Partial Month's Service. If at the commencement or termination of the Transportation Agreement, service is provided for only a portion of a month, then the monthly reservation charge for such month shall be reduced proportionately based on the ratio of the number of days that transportation service was not in effect to the total number of days in each month.

RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE
(Continued)

4.3 Minimum Monthly Bill. Monthly reservation charge.

4.4 Authorized Overrun. In addition to the charges specified above, Shipper agrees, subject to Section 8 of the General Terms and Conditions, to pay HIOS an amount equal to the overrun charge determined as follows:

The overrun charge shall be the sum of (1) the products of the volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at each Point of Receipt set forth in Exhibit A of the Transportation Agreement during any day, which are in excess of the Maximum Daily Volume (MDV) for such point of receipt, and HIOS' effective long haul overrun rate per Dth, as set forth on Sheet No. 10 of this Tariff, and (2) the products of the volumes expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at each Point of Receipt set forth in Exhibit B of the Transportation Agreement during any day, which is in excess of the MDV for such Point of Receipt, and HIOS' effective short haul overrun rate per Dth, as set forth on Sheet No. 10 of this Tariff.

4.5 Unauthorized Overrun. HIOS shall notify Shipper verbally of any unauthorized overrun service that is occurring for Shipper, and shall immediately confirm such notification by telex or similar means. If ~~such~~ unauthorized service occurs on a non-Critical Day, Shipper shall pay HIOS a penalty of \$2.00 per Dth or the current Spot Market Price for the Offshore Texas region as reported in Natural Gas Week, whichever is higher, for any such unauthorized daily overrun not terminated within 24 hours of HIOS' verbal notification. If unauthorized service occurs on a Critical Day, Shipper shall pay HIOS a penalty of \$10.00 per Dth or the current Spot Market Price for the Offshore Texas region as reported in Natural Gas Week, whichever is higher, for any such unauthorized daily overrun not terminated within 24 hours of HIOS' verbal notification. Such penalty payments shall be paid to HIOS in addition to the charges otherwise payable by Shipper under this or the appropriate Rate Schedule. HIOS shall credit to non-offending Shippers all unauthorized overrun penalty revenues received under this section in accordance with Section 27 of the General Terms and Conditions of this Tariff. HIOS may waive, in whole or in part, any overrun penalty provided for herein if, in HIOS' sole discretion, such penalty was incurred due to circumstances beyond Shipper's control.

RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE
(Continued)

- 4.6 Transportation of Associated Liquids. If Associated Liquids are transported hereunder for Shipper and HIOS is required by any regulatory agency, from time to time, to allocate a portion of its cost of service to such transportation service or to charge, or impute, a fee for such service, then Shipper shall reimburse HIOS for such allocated costs and such fee.
- 4.7 Commission and Other Regulatory Fees. Shipper shall reimburse HIOS for all filing, reporting and application fees required by the Commission or any other regulatory body which are related to service provided under this Rate Schedule.
- 4.8 Rate Changes. Subject to any rights or limitations imposed by additional Transportation Agreement provisions agreed to by Shipper and Transporter, Transporter may from time to time and at any time selectively adjust any or all of the rates charged to any individual Shipper for which a Maximum Rate and Minimum Rate are stated on Sheet No. 10 of this Tariff; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Rate(s), nor shall they be less than the Minimum Rate(s), set forth on such sheets. Transporter shall have the right to charge the Maximum Rate at any time as a condition for new service or for continuation of service under an existing agreement. Transporter shall make all information filings required by the Commission's regulations with respect to any charges at less than the Maximum Rate. Whenever Transporter adjusts the rate to be charged to a Shipper pursuant to this Section 4.8, notice thereof shall be given to Shipper not less than seventy-two (72) hours prior to the effective date of such adjustment.

RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE
(Continued)

5. WARRANTY

Shipper warrants for itself, its successors and assigns, that it will have at the time of delivery of Gas and Associated Liquids for transportation hereunder good title or the good right to deliver such Gas and Associated Liquids to HIOS and accept redelivery at Point or Points of Delivery. HIOS warrants for itself, its successors and assigns, that it will, at the time of delivery to others of the Gas and Associated Liquids transported hereunder, have good right to deliver such Gas and Associated Liquids to others. Shipper warrants for itself, and its successors and assigns, that the Gas it warrants hereunder, shall be free and clear of all liens, encumbrances, and claims whatsoever, that it will indemnify HIOS and save HIOS harmless from and against all suits, actions, debts, accounts, damages, costs, losses, and expenses, including HIOS' actual attorney's fees, and cost of defense arising from or out of any adverse claims of any and all persons to said Gas and/or to royalties, taxes, license fees, or charges thereon which are applicable to such delivery of Gas and that it will indemnify HIOS and save it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by, and the obligation of, the party making such delivery.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-1)

THIS, AGREEMENT, made and entered into as of _____, by and between HIGH ISLAND OFFSHORE SYSTEM, L.L.C. (Transporter), a limited liability company created under the laws of the State of Delaware, and, _____, (Shipper), a _____ corporation,

W I T N E S S E T H:

WHEREAS, Shipper desires to have gas transported on a firm basis in the High Island Offshore System, L.L.C. from offshore Texas and Louisiana on its behalf; and

WHEREAS, Transporter has sufficient capacity available to provide firm transportation of gas on behalf of Shipper.

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

ARTICLE I

- 1.1 Obligation to Transportation. Commencing with the date of initial deliveries hereunder, Transporter shall receive at the Points of Receipt hereunder for the account of Shipper all Gas, together with Associated Liquids, which Shipper may cause to be delivered to it up to Shipper's Maximum Daily Quantity (MDQ), as set forth in Exhibits A and B hereof, and shall be obligated to deliver for the account of Shipper on a firm basis at the Point or Points of Delivery hereunder Equivalent Volumes in the manner and subject to the conditions hereinafter set forth.
- 1.2 Term. This Agreement shall become effective on _____, _____. After this Agreement becomes effective it shall continue in full force and effect for a period of _____ (insert number of years) from the effective date of such Agreement and from year to year thereafter until this Agreement is terminated as provided in Article I, Section 1.3 or until the dissolution of Transporter.
- 1.3 Termination. Either party may elect to terminate this Agreement as of the end of said _____ period or as of the end of any succeeding extended annual period by giving written notice to the other party of such election not less than 90 days prior to the termination date designated in such notice.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-1)
(Continued)

ARTICLE II

- 2.1 Point(s) of Receipt. The point(s) of receipt shall be those identified on Exhibits A and B hereto.

ARTICLE III

- 3.1 Point(s) of Delivery. The point(s) of delivery shall be those identified on Exhibits A and B hereto.

ARTICLE IV

- 4.1 Rate Schedule and Charges. Each month, Shipper shall pay Transporter for the service hereunder, an amount determined in accordance with Transporter's Rate Schedule FT-1 and the applicable provisions of the General Terms and Conditions of Transporter's F.E.R.C. Gas Tariff, Third Revised Volume No. 1, as filed with the F.E.R.C. Such Rate Schedule and General Terms and Conditions are incorporated herein by reference and are made a part hereof. For all gas delivered to the Point(s) of Receipt in Exhibits A and B hereto and redelivered to Point(s) of Delivery in Exhibits A and B hereto, Shipper shall pay the currently effective rates and charges under Rate Schedule FT-1, as the same may be amended or superseded in accordance with applicable provisions of the Natural Gas Act and the rules and regulations of the F.E.R.C. The rates and charges shall be billed and paid for in accordance with the General Terms and Conditions applicable to Rate Schedule FT-1.
- 4.2 Rate Adjustments. It is agreed that either Transporter or Shipper may seek authorization from time to time from the F.E.R.C. for such rate adjustments as may be found necessary to assure Transporter just and reasonable rates.

ARTICLE V

- 5.1 Receipt Pressure. The minimum pressure at which Shipper may be requested to deliver gas to Transporter at the Point(s) of Receipt is set forth in Exhibits A and B hereto.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-1)
(Continued)

- 5.2 Delivery Pressure. The minimum pressure at which Transporter is required to cause gas to be delivered at the Point(s) of Delivery is set forth in Exhibits A and B hereto.

ARTICLE VI

- 6.1 Notices. Except as herein otherwise provided, any notice, request, demand, statement, bill, or payment provided for in this Agreement, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as duly delivered when mailed by registered or certified mail return receipt requested to the Post Office Address of the parties hereto as follows:

TRANSPORTER:

High Island Offshore System
P. O. Box 4324
Houston, Texas 77210-4324

Attn: Manager, Contract Administration

SHIPPER:

or such other address as either of the parties hereunder shall designate by formal written notice. Routine communications including monthly statements and payments, shall be considered as duly delivered when properly addressed and mailed by either registered, certified or first class mail, postage prepaid.

ARTICLE VII

- 7.1 Waivers. No waiver by either Shipper or Transporter of any one or more defaults in the performance of any provision hereunder shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-1)
(Continued)

ARTICLE VIII

- 8.1 Regulations. This Agreement, and all terms and provisions contained herein, and the respective obligations of the parties hereunder are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction.

ARTICLE IX

- 9.1 Assignments. Any company which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper, or of Transporter, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement; and either of the parties may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture, or similar instrument which it has executed or may execute hereafter covering substantially all of its properties; otherwise neither of the parties shall assign this Agreement or any of its rights hereunder unless it first shall have obtained the consent thereto in writing of the other party, provided further, however, that neither of the parties shall be released from its obligations hereunder without the consent of the other.

ARTICLE X

- 10.1 Limitation on Liability of Member. The parties hereto hereby agree that any claim against the Transporter which may arise hereunder shall be made only against the Transporter and all rights to proceed against the Members therein, individually, or against their assets as a result of such claim or any obligation arising therefrom, is hereby waived.
- 10.2 Indemnification of Operator. Shipper shall indemnify and save harmless any Operator of the System, designated by Transporter to operate the System for Transporter as an independent contractor, and such Operator's officers,

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-1)
(Continued)

agents and employees from any claim, demand or expense for loss, damage or injury arising out of or in any way connected with the quality, use or condition of the Gas and Associated Liquids after the delivery from the System.

- 10.3 Applicable Law. This Agreement shall be governed by and interpreted in accordance with laws of the State of Delaware.
- 10.4 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.
- 10.5 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

ARTICLE XI

- 11.1 Further Agreement.
(Write None or specify the agreement.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed in several counterparts by its duly authorized officer as of _____, ____.

High Island Offshore System, L.L.C.
(A Limited Liability Company)

By _____

SHIPPER

By _____

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-1)

EXHIBIT A

Maximum Daily Quantity: _____ Dth

Points of Receipt 1/

Location	Maximum Daily Long Haul Volume in Dth 2/	Minimum Pressure
-----	-----	-----

Points of Delivery

Location	Maximum Daily Long Haul Volume in Dth	Minimum Pressure
-----	-----	-----

-
- 1/ See subsections 6.2 and 6.3 of Section 6 of the General Terms and Conditions for the definitions of Primary Points of Receipt and Secondary Points of Receipt, respectively.
- 2/ The sum of the Maximum Daily Volumes must equal the Maximum Daily Quantity.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-1)

EXHIBIT B

Maximum Daily Quantity: _____ Dth

Points of Receipt 1/

Location	Maximum Daily Short Haul Volume in Dth 2/	Minimum Pressure
-----	-----	-----

Points of Delivery

Location	Maximum Daily Short Haul Dth	Pressure
-----	-----	-----

-
- 1/ See subsections 6.2 and 6.3 of Section 6 of the General Terms and Conditions for the definitions of Primary Points of Receipt and Secondary Points of Receipt, respectively.
- 2/ The sum of the Maximum Daily Volumes must equal the Maximum Daily Quantity.

Rate Schedule FT-2
Firm Transportation Service
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule shall apply to firm transportation service rendered by HIOS for Shipper pursuant to Part 284 of the Federal Energy Regulatory Commission's (Commission) Regulations and pursuant to the Service Agreement for transportation service under this Rate Schedule.
- 2.2 Service hereunder shall have a comparable priority with service under Rate Schedule FT-1 and FT-3; and
- 2.3 Pursuant to this rate schedule, HIOS will provide transportation service up to the Maximum Daily Quantity (MDQ) specified in the Transportation Agreement. Shipper may tender Gas to HIOS at the Points of Receipt specified in said Agreement, and HIOS shall receive such Gas at said Points of Receipt and redeliver an Equivalent Volume for the account of Shipper at the Points of Delivery in said Agreement.

3. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Tariff are applicable to this Rate Schedule.

4. RATES AND CHARGES

~~4.1 For transportation services under each FT-2 Agreement, Shipper shall pay to HIOS for each month that such service is rendered the Volumetric Charge set forth in the currently effective Sheet No. 10 multiplied by the sum of the quantities of gas (in Dth) actually received for Shipper's account during the month, with the following exception:~~

4.1 Transportation Charge. Shipper agrees to pay HIOS an amount each month equal to the sum of a reservation charge and a commodity charge which, subject to the provisions of Section 4.2, shall be determined as follows:

(a) The reservation charge shall be the product of 100% of Shipper's MBQ (40% of Shipper's MBQ in the case of short haul) and Transporter's effective reservation charge per Dth for FT-2 service, as set forth on Sheet No. 10 of this Tariff. For purposes of this calculation, the MBQ shall be equal to the average daily quantity transported during the applicable billing month.

(b) The commodity charge shall consist of the product of the commodity rate, set forth on Sheet No. 10 of this Tariff, and the sum of (1) the monthly volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at the Points of Receipt set forth in Exhibit A of the Transportation Agreement, and (2) the monthly volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at the Points of Receipt set forth in Exhibit B of the Transportation Agreement.

4.2 Failure to Satisfy Minimum Throughput Obligation.

During each billing month, HIOS will analyze the average throughput level for the production month being billed and the immediately preceding two production months (the "3-Month Period") by dividing the aggregate quantity of gas received for Shipper's account at the Point(s) of Receipt by the number of days in the 3-Month Period. If

the result is less than 80% of the average of the MDQ's specified in the FT-2 Agreement for the 3-Month Period, Shipper shall be subject to Reservation and Commodity Charges for the second production month following the 3 Month Period (the "Impacted Month"). In such event, HIOS shall notify Shipper on the invoice submitted for the most recent production month of the 3 Month

Rate Schedule FT-2
Firm Transportation Service
(Continued)

following the 3-Month Period (the "Impacted Month"). In such event, HIOS shall notify Shipper on the invoice submitted for the most recent production month of the 3-Month Period that the average daily throughput has dropped below 80% of the MDQ for the 3-Month Period and advise Shipper of the pending Reservation and Commodity Charges so that Shipper may have an opportunity to release its firm capacity on a temporary basis pursuant to Section 17 of the General Terms and Conditions during the Impacted Month. The billing for the Impacted Month will be the sum of (i) the Reservation Charge set forth on the currently effective Sheet 10 or 10A multiplied by 100% of the specified MDQ (40% of the specified MDQ in the case of short haul) for the Impacted Month; and (ii) the applicable Commodity Charge set forth on the currently effective Sheet 10 or 10A multiplied by the sum of the quantities of gas (in Dth) received for Shipper's account at the Point(s) of Receipt each day of the Impacted Month.

Notwithstanding the above, calculation of the average daily throughput for any 3-Month Period will be adjusted to reflect any reduction in throughput as a result of HIOS being unable to confirm Shipper's nominations due to an incident of Force Majeure claimed by HIOS under Article 13 of the General Terms and Conditions or any limitations hereunder; and provided, further, with respect to committed reserves connected after February 16, 1999, services under this Rate Schedule will be billed for the first six consecutive calendar months, beginning with and including the month in which deliveries are initiated, at the Volumetric Charge, regardless of Shipper's ability to meet the 80% average daily throughput level.

Rate Schedule FT-2
Firm Transportation Service
(Continued)

Shipper shall not receive any volumetric credit in the computation of the Shipper's three (3) month average daily throughput for gas transported by a Replacement Shipper relative to Shipper's FT-2 capacity, unless the gas being transported by the Replacement Shipper is produced from Shipper's Committed Lease(s).

- ~~4.23~~ Additional Charges. In addition to the charges specified above, Shipper shall pay to HIOS the following charges and such other charges applicable to service hereunder as may be set forth from time to time in the General Terms and Conditions:
- i. Commission and Other Regulatory Fees. Shipper shall reimburse HIOS for all filing, reporting and application fees required by the Commission or any other regulatory body which are related to service provided under this Rate Schedule.
 - ii If Associated Liquids are transported hereunder for Shipper and HIOS is required by any regulatory agency, from time to time, to allocate a portion of its cost of service to such transportation service or to charge, or impute, a fee for such service, then Shipper shall reimburse HIOS for such allocated costs or such fee.
- ~~4.24~~ Maximum and Discount Rates. The rates which are stated on the currently effective Sheet No. 10 set forth the maximum rates applicable to each service provided under this Rate Schedule, and the range represented by the maximum and minimum rates stated for each such service. Shipper shall pay the maximum rates for service under this Rate Schedule unless HIOS, in its reasonable judgment, agrees to discount its rate to Shipper under this Rate Schedule. Any discount agreed to by HIOS and the effective period thereof shall be stated on an executed Exhibit C to the FT-2 Agreement and shall be made on a not unduly

Rate Schedule FT-2
Firm Transportation Service
(Continued)

discriminatory basis. The rates for service under this Rate Schedule shall not be discounted below the applicable minimum rates specified on the currently effective Sheet No. 10. HIOS shall not be obligated to discount its services in order to provide service to Shipper hereunder.

4.4 ~~5~~ 5 Partial

Month's Service. If at the commencement or termination of the Transportation Agreement, service is provided for only a portion of a month, then the Reservation Charge for such month shall be reduced proportionately based on the ratio of the number of days that transportation service was not in effect to the total number of days in such month.

4.5 ~~6~~ 6 Authorized

Overrun. In addition to the charges specified above, Shipper agrees, subject to Section 8 of the General Terms and Conditions, to pay HIOS an amount equal to the overrun charge determined as follows:

The overrun charge shall be the sum of (1) the products of the volumes of gas expressed in Dth received by HIOS from Shipper, at each Point of Receipt set forth in Exhibit A of the Transportation Agreement during any day, which are in excess of the Maximum Daily Volume (MDV) for such Point of Receipt, and HIOS' effective long haul overrun rate per Dth, as set forth on Sheet No. 10 of this Tariff, and (2) the products of the volumes expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at each Point of Receipt set forth in Exhibit B of the Transportation Agreement during any day, which is in excess of the MDV for such Point of Receipt, and HIOS' effective short haul overrun rate per Dth, as set forth on Sheet No. 10 of this Tariff.

4.6 ~~7~~ 7 Unauthorized Overrun. HIOS shall notify Shipper orally of any unauthorized overrun service that is occurring for Shipper, and shall immediately confirm such notification by facsimile or similar means. If ~~such~~ unauthorized service occurs on a non-Critical Day, Shipper shall pay HIOS a penalty of \$2.00 per Dth, or the current Spot Market Price for the Offshore Texas region as reported in Natural Gas Week, whichever is higher, for any such unauthorized daily overrun not terminated within 24 hours of HIOS' oral notification. If unauthorized service occurs on a Critical Day, Shipper shall pay HIOS a penalty of \$10.00 per Dth, or the current Spot Market Price for the Offshore Texas region as reported in Natural Gas Week, whichever is higher, for any such unauthorized daily overrun not terminated within 24 hours of HIOS' oral notification. Such penalty

Rate Schedule FT-2
Firm Transportation Service
(Continued)

payments shall be paid to HIOS in addition to the charges otherwise payable by Shipper under this or the appropriate Rate Schedule. HIOS shall credit to non-offending Shippers all unauthorized overrun penalty revenues received under this section in accordance with Section 27 of the General Terms and Conditions of this Tariff. HIOS may waive, in whole or in part, any overrun penalty provided for herein, if, in HIOS' sole discretion, such penalty was incurred due to circumstances beyond Shipper's control.

- 4.7 — 8 Required Reports. HIOS shall file with the Commission any and all reports as required by the Commission's Regulations setting forth the applicable charge, the individual Shipper(s) affected, the volume transported, and provisions for discounts and any other information which may be required.
- 4.8 — 9 Rate Changes. Subject to any rights or limitations imposed by additional Transportation Agreement provisions agreed to by Shipper and Transporter, Transporter may from time to time and at any time selectively adjust any or all of the rates charged to any individual Shipper for which a Maximum Rate and Minimum Rate are stated on Sheet No. 10 of this Tariff; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Rate(s), nor shall they be less than the Minimum rate(s), set forth on such sheets. Transporter shall have the right to charge the Maximum Rate at any time as a condition of service under an existing Agreement. Transporter shall make all information filings required by the Commission's regulations with respect to any charges at less than the Maximum Rate. Whenever Transporter adjusts the rate to be charged to a Shipper pursuant to this Section 4.8, notice thereof shall be given to Shipper not less than seventy-two (72) hours prior to the effective date of such adjustment.

5. REQUESTS FOR FT-2 TRANSPORTATION SERVICE

- 5.1 Any party desiring transportation service under Rate Schedule FT-2 must provide to HIOS the information required by Section 2 of the General Terms and Conditions and the following information in order to qualify for transportation service:
- i. Production Profile. The MDQ to be transported shall be supported by a life of reserves production forecast for the Committed Lease(s) prepared by Shipper or the operator(s) of the Committed Lease(s), which reflects production build-up and expected production throughout the life of the lease. Shipper may request a separately stated MDQ under its FT-2 Agreement for specified delivery periods of not less than 3 consecutive months, hereinafter the "Delivery Periods"; provided, however, such separately stated MDQs must be supported by a life of reserves production forecast for the Committed Lease(s) provided hereunder; and provided

Rate Schedule FT-2
Firm Transportation Service
(Continued)

Mcf per day or the dekatherm equivalent thereof during any specified Delivery Period and, further, any increase in MDQ under the FT-2 Agreement shall be subject to availability of firm capacity on the system as determined by HIOS hereunder. Notwithstanding anything herein to the contrary, if at any time a federal lessor elects pursuant to its lease with Shipper to take in kind its royalty share of gas produced from the Exhibit A leases, Shipper's MDQ shall be adjusted upon thirty (30) Days written notice by Shipper, to a level that reflects Shipper's working interest share of gas, net of such royalty gas taken by the federal lessor. If the federal lessor elects to take royalties-in-kind for a period of time, and then the federal lessor elects to stop taking royalties-in-kind, or in the event a federal lessor provides notice to Shipper of its intent to take royalties-in-kind, but does not actually take royalties-in-kind, then Shipper's MDQ shall be increased upon thirty (30) Days written notice by Shipper, to a level that reflects Shipper's full working interest share of such gas, subject to available capacity. HIOS reserves the right to require Shipper to provide HIOS with evidence of the federal lessor's election to take Shipper's gas as royalties-in-kind, including but not limited to receipts, invoices, or notices.

~~6.4 In the event: (i) firm capacity is required to accommodate new shippers who have requested firm capacity and such capacity is unavailable, or (ii) HIOS plans a facility expansion to increase mainline capacity, then HIOS shall have the right to request an updated production profile from any shipper, subject to the provisions of Section 6.2, and to adjust, if applicable, the MDQ of such shipper as set forth in this Article VI.~~

~~7. WARRANTY~~

~~Shipper warrants for itself, its successors and assigns, that it will have at the time of delivery of Gas and Associated Liquids for transportation hereunder good title or the good right to deliver such Gas and Associated Liquids to HIOS at the Point(s) of Receipt and accept redelivery at the Point(s) of Delivery. HIOS warrants for itself, its successors and assigns, that it will, at the time of delivery to others of the Gas and Associated Liquids transported hereunder, have good right to deliver such Gas and Associated Liquids to others. Shipper warrants for itself, and its successors and assigns, that the Gas it warrants hereunder, shall be free and clear of all liens, encumbrances, and claims whatsoever, that it will indemnify HIOS and save HIOS harmless from and against all suits, actions, debts, accounts, damages, costs, losses, and expenses, including HIOS' actual attorney's fees, and cost of defense arising from or out of any adverse claims of any and all persons to said Gas and/or to royalties, taxes, license fees, or charges thereon which are applicable to such delivery of Gas and that it will indemnify HIOS and save it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by, and the obligation of, the party making such delivery.~~

6.4 After the second contract quarter of the first contract Year of any Service Agreement executed after October 1, 2006, if, over any Delivery Period during which HIOS' pipeline is not fully subscribed on a firm basis, Shipper's average daily throughput on HIOS exceeds one-hundred twenty percent (120%) of Shipper's applicable MDQ for such Delivery Period (an "Excess Delivery Period"), then HIOS shall have the right to require Shipper to increase its MDQs for the next four (4) Delivery Periods, and in such event Shipper shall elect for such four (4) Delivery Periods either: (a) a quantity increased by the percentage increase in actual shipments under its FT-2 Service Agreement over the sum of Shipper's applicable MDQs for each day of the Excess Delivery Period identified by Transporter, or (b) a quantity equal to the difference between the quantity actually shipped by Shipper under its

FT-2 Service Agreement during the Excess Delivery Period identified by Transporter and the sum of Shipper's applicable MDQ for each day of such Delivery Period. Shipper shall be required to make such election upon receipt of HIOS' notice. Notice of Shipper's election shall be provided to HIOS by the next Day following receipt of HIOS' notice and the increase shall become effective on the first Day of the Delivery Period next following HIOS' notice to Shipper. The increase shall remain in effect for the next four (4) Delivery Periods, at which time the MDQ previously in effect shall apply, subject to Transporter providing a subsequent notice hereunder requiring an increase in MDQ for another four (4) Delivery Periods. In the event that Shipper fails to make a timely election following receipt of HIOS' notice, Shipper shall be deemed to have elected to increase its MDQ in accordance with the methodology set forth in (a) above.

6.5 In the event: (i) firm capacity is required to accommodate new shippers who have requested firm capacity and such capacity is unavailable, or (ii) HIOS plans a facility expansion to increase mainline capacity, then HIOS shall have the right to request an updated production profile from any shipper, subject to the provisions of Section 6.2, and to adjust, if applicable, the MDQ of such shipper as set forth in this Article VI.

Rate Schedule FT-2
Firm Transportation Service
(Continued)

7. WARRANTY

Shipper warrants for itself, its successors and assigns, that it will have at the time of delivery of Gas and Associated Liquids for transportation hereunder good title or the good right to deliver such Gas and Associated Liquids to HIOS at the Point(s) of Receipt and accept redelivery at the Point(s) of Delivery. HIOS warrants for itself, its successors and assigns, that it will, at the time of delivery to others of the Gas and Associated Liquids transported hereunder, have good right to deliver such Gas and Associated Liquids to others. Shipper warrants for itself, and its successors and assigns, that the Gas it warrants hereunder, shall be free and clear of all liens, encumbrances, and claims whatsoever, that it will indemnify HIOS and save HIOS harmless from and against all suits, actions, debts, accounts, damages, costs, losses, and expenses, including HIOS' actual attorney's fees, and cost of defense arising from or out of any adverse claims of any and all persons to said Gas and/or to royalties, taxes, license fees, or charges thereon which are applicable to such delivery of Gas and that it will indemnify HIOS and save it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by, and the obligation of, the party making such delivery.

~~(Sheet Nos. 44 thru 52 are Reserved for Future Use)~~

RATE SCHEDULE FT-3

FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This rate schedule is available to any Shipper in the High Island Offshore System L.L.C. (HIOS or Transporter) for the transportation of gas on a firm basis where: (1) Transporter has determined that it has sufficient available capacity to perform service requested by Shipper; (2) the Shipper has demonstrated, to HIOS' reasonable satisfaction, that it is creditworthy in accordance with Section 5 of the General Terms and Conditions; (3) the Shipper has executed a Transportation Agreement with HIOS for firm service for a minimum term or one (1) day; (4) the Shipper has become a party to the "Gas Allocation Agreement"; and (5) the Shipper has executed an NGL Bank Agreement with HIOS and with the Administrator in the form contained in HIOS' Tariff. For any period when there is no corresponding NGL Bank Agreement in effect ("non-compliance period") HIOS is entitled to suspend service on any Transportation Agreement executed with HIOS for service under this rate schedule for the duration of the non-compliance period.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This rate schedule shall apply to all natural gas transported under a Transportation Agreement executed with HIOS for firm service under this rate schedule.

2.2 Service hereunder shall have a comparable priority with service under FT-1 and FT-3; and

2.3 Pursuant to this rate schedule, HIOS will provide firm transportation for Shipper up to the Maximum Daily Quantity (MDQ) specified in the Transportation Agreement (Agreement). Shipper may tender gas to HIOS at the Points of Receipt specified in said Agreement, and HIOS shall receive such gas at said Points of Receipt and redeliver an Equivalent Volume for the account of Shipper at the Points of Delivery specified in said Agreement.

3. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Tariff are applicable to this rate schedule.

4. RATES AND CHARGES

4.1 Transportation Charge. Shipper agrees to pay HIOS an amount each month equal to the sum of a reservation charge and a commodity charge determined as follows:

(a) The reservation charge shall be the sum of (1) the product of the MDQ and the FT-3 Capacity Rate set forth on Sheet No. 10 of this Tariff, and (2) the product of the MBQ and the FT-3 Monthly Deliverability Rate (MDR), as derived from the Deliverability Rate set forth on Sheet No. 10 of this Tariff. For purposes of this calculation:

(i) The MDR shall be calculated as the quotient of (1) the Deliverability Rate divided by the quotient of the Days in a Service Agreement, and (2) 365; and

(ii) The MBQ shall be calculated as the quotient of (1) the product of the MDQ and the number of days of service as specified in the Service Agreement, and (2) the number of billing periods as specified in the Service Agreement.

RATE SCHEDULE FT-3
FIRM TRANSPORTATION SERVICE
(Continued)

(b) The commodity charge shall consist of the product of the commodity rate, set forth on Sheet No. 10 of this Tariff, and the sum of (1) the monthly volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at the Points of Receipt set forth in Exhibit A of the Transportation Agreement, and (2) the monthly volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at the Points of Receipt set forth in Exhibit B of the Transportation Agreement.

4.2 Partial Month's Service. If at the commencement or termination of the Transportation Agreement, service is provided for only a portion of a month, then the monthly reservation charge for such month shall be reduced proportionately based on the ratio of the number of days that transportation service was not in effect to the total number of days in each month.

4.3 Minimum Monthly Bill. Monthly reservation charge.

4.4 Authorized Overrun. In addition to the charges specified above, Shipper agrees, subject to Section 8 of the General Terms and Conditions, to pay HIOS an amount equal to the overrun charge determined as follows:

The overrun charge shall be the sum of (1) the products of the volumes of gas expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at each Point of Receipt set forth in Exhibit A of the Transportation Agreement during any day, which are in excess of the Maximum Daily Volume (MDV) for such point of receipt, and HIOS' effective long haul overrun rate per Dth, as set forth on Sheet No. 10 of this Tariff, and (2) the products of the volumes expressed in Dth received by HIOS from Shipper, or for the account of Shipper, at each Point of Receipt set forth in Exhibit B of the Transportation Agreement during any day, which is in excess of the MDV for such Point of Receipt, and HIOS' effective short haul overrun rate per Dth, as set forth on Sheet No. 10 of this Tariff.

4.5 Unauthorized Overrun. HIOS shall notify Shipper verbally of any unauthorized overrun service that is occurring for Shipper, and shall immediately confirm such notification by telex or similar means. If unauthorized service occurs on a non-Critical Day, Shipper shall pay HIOS a penalty of \$2.00 per Dth or the current Spot Market Price for the Offshore Texas region as reported in Natural Gas Week, whichever is higher, for any such unauthorized daily overrun not terminated within 24 hours of HIOS' verbal notification. If unauthorized service occurs on a Critical Day, Shipper shall pay HIOS a penalty of \$10.00 per Dth or the current Spot Market Price for the Offshore Texas region as reported in Natural Gas Week, whichever is higher, for any such unauthorized daily overrun not terminated within 24 hours of HIOS' verbal notification. Such penalty payments shall be paid to HIOS in addition to the charges otherwise payable by Shipper under this or the appropriate Rate Schedule. HIOS shall credit to non-offending Shippers all unauthorized overrun penalty revenues received under this section in accordance with Section 27 of the General Terms and Conditions of this Tariff. HIOS may waive, in whole or in part, any overrun penalty provided for herein if, in HIOS' sole discretion, such penalty was incurred due to circumstances beyond Shipper's control.

RATE SCHEDULE FT-3
FIRM TRANSPORTATION SERVICE
(Continued)

- 4.6 Transportation of Associated Liquids. If Associated Liquids are transported hereunder for Shipper and HIOS is required by any regulatory agency, from time to time, to allocate a portion of its cost of service to such transportation service or to charge, or impute, a fee for such service, then Shipper shall reimburse HIOS for such allocated costs and such fee.
- 4.7 Commission and Other Regulatory Fees. Shipper shall reimburse HIOS for all filing, reporting and application fees required by the Commission or any other regulatory body which are related to service provided under this Rate Schedule.
- 4.8 Rate Changes. Subject to any rights or limitations imposed by additional Transportation Agreement provisions agreed to by Shipper and Transporter, Transporter may from time to time and at any time selectively adjust any or all of the rates charged to any individual Shipper for which a Maximum Rate and Minimum Rate are stated on Sheet No. 10 of this Tariff; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Rate(s), nor shall they be less than the Minimum Rate(s), set forth on such sheets. Transporter shall have the right to charge the Maximum Rate at any time as a condition for new service or for continuation of service under an existing agreement. Transporter shall make all information filings required by the Commission's regulations with respect to any charges at less than the Maximum Rate. Whenever Transporter adjusts the rate to be charged to a Shipper pursuant to this Section 4.8, notice thereof shall be given to Shipper not less than seventy-two (72) hours prior to the effective date of such adjustment.

5. WARRANTY

Shipper warrants for itself, its successors and assigns, that it will have at the time of delivery of Gas and Associated Liquids for transportation hereunder good title or the good right to deliver such Gas and Associated Liquids to HIOS and accept redelivery at Point or Points of Delivery. HIOS warrants for itself, its successors and assigns, that it will, at the time of delivery to others of the Gas and Associated Liquids transported hereunder, have good right to deliver such Gas and Associated Liquids to others. Shipper warrants for itself, and its successors and assigns, that the Gas it warrants hereunder, shall be free and clear of all liens, encumbrances, and claims whatsoever, that it will indemnify HIOS and save HIOS harmless from and against all suits, actions, debts, accounts, damages, costs, losses, and expenses, including HIOS' actual attorney's fees, and cost of defense arising from or out of any adverse claims of any and all persons to said Gas and/or to royalties, taxes, license fees, or charges thereon which are applicable to such delivery of Gas and that it will indemnify HIOS and save it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by, and the obligation of, the party making such delivery.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-3)

THIS, AGREEMENT, made and entered into as of _____, by and between HIGH ISLAND OFFSHORE SYSTEM, L.L.C. (Transporter), a limited liability company created under the laws of the State of Delaware, and, _____, (Shipper), a _____ corporation.

W I T N E S S E T H:

WHEREAS, Shipper desires to have gas transported on a firm basis in the High Island Offshore System, L.L.C. from offshore Texas and Louisiana on its behalf; and

WHEREAS, Transporter has sufficient capacity available to provide firm transportation of gas on behalf of Shipper.

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

ARTICLE I

1.1 Obligation to Transportation. Commencing with the date of initial deliveries hereunder, Transporter shall receive at the Points of Receipt hereunder for the account of Shipper all Gas, together with Associated Liquids, which Shipper may cause to be delivered to it up to Shipper's Maximum Daily Quantity (MDQ), as set forth in Exhibits A and B hereof, and shall be obligated to deliver for the account of Shipper on a firm basis at the Point or Points of Delivery hereunder Equivalent Volumes in the manner and subject to the conditions hereinafter set forth.

1.2 Term. This Agreement shall become effective on _____, _____. After this Agreement becomes effective it shall continue in full force and effect for a period of _____ (insert term in days) from the effective date of such Agreement and from _____ to _____ thereafter until this Agreement is terminated as provided in Article I, Section 1.3 or until the dissolution of Transporter.

1.3 Termination. Either party may elect to terminate this Agreement as of the end of said _____ period or as of the end of any succeeding extended period by giving written notice to the other party of such election not less than 90 days prior to the termination date designated in such notice.

ARTICLE II

2.1 Point(s) of Receipt. The point(s) of receipt shall be those identified on Exhibits A and B hereto.

ARTICLE III

3.1 Point(s) of Delivery. The point(s) of delivery shall be those identified on Exhibits A and B hereto.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-3)
(Continued)

ARTICLE IV

- 4.1 Rate Schedule and Charges. Each month, Shipper shall pay Transporter for the service hereunder, an amount determined in accordance with Transporter's Rate Schedule FT-3 and the applicable provisions of the General Terms and Conditions of Transporter's F.E.R.C. Gas Tariff, Third Revised Volume No. 1, as filed with the F.E.R.C. Such Rate Schedule and General Terms and Conditions are incorporated herein by reference and are made a part hereof. For all gas delivered to the Point(s) of Receipt in Exhibits A and B hereto and redelivered to Point(s) of Delivery in Exhibits A and B hereto, Shipper shall pay the currently effective rates and charges under Rate Schedule FT-3, as the same may be amended or superseded in accordance with applicable provisions of the Natural Gas Act and the rules and regulations of the F.E.R.C. The rates and charges shall be billed and paid for in accordance with the General Terms and Conditions applicable to Rate Schedule FT.
- 4.2 Rate Adjustments. It is agreed that either Transporter or Shipper may seek authorization from time to time from the F.E.R.C. for such rate adjustments as may be found necessary to assure Transporter just and reasonable rates.

ARTICLE V

- 5.1 Receipt Pressure. The minimum pressure at which Shipper may be requested to deliver gas to Transporter at the Point(s) of Receipt is set forth in Exhibits A and B hereto.
- 5.2 Delivery Pressure. The minimum pressure at which Transporter is required to cause gas to be delivered at the Point(s) of Delivery is set forth in Exhibits A and B hereto.

ARTICLE VI

- 6.1 Notices. Except as herein otherwise provided, any notice, request, demand, statement, bill, or payment provided for in this Agreement, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as duly delivered when mailed by registered or certified mail return receipt requested to the Post Office Address of the parties hereto as follows:

TRANSPORTER:

High Island Offshore System
P. O. Box 4324
Houston, Texas 77210-4324

Attn: Manager, Contract Administration

SHIPPER:

or such other address as either of the parties hereunder shall designate by formal written notice. Routine communications including monthly statements and payments, shall be considered as duly delivered when properly addressed and mailed by either registered, certified or first class mail, postage prepaid.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-3)
(Continued)

ARTICLE VII

7.1 Waivers. No waiver by either Shipper or Transporter of any one or more defaults in the performance of any provision hereunder shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

ARTICLE VIII

8.1 Regulations. This Agreement, and all terms and provisions contained herein, and the respective obligations of the parties hereunder are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction.

ARTICLE IX

9.1 Assignments. Any company which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper, or of Transporter, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement; and either of the parties may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture, or similar instrument which it has executed or may execute hereafter covering substantially all of its properties; otherwise neither of the parties shall assign this Agreement or any of its rights hereunder unless it first shall have obtained the consent thereto in writing of the other party, provided further, however, that neither of the parties shall be released from its obligations hereunder without the consent of the other.

ARTICLE X

10.1 Limitation on Liability of Member. The parties hereto hereby agree that any claim against the Transporter which may arise hereunder shall be made only against the Transporter and all rights to proceed against the Members therein, individually, or against their assets as a result of such claim or any obligation arising therefrom, is hereby waived.

10.2 Indemnification of Operator. Shipper shall indemnify and save harmless any Operator of the System, designated by Transporter to operate the System for Transporter as an independent contractor, and such Operator's officers, agents and employees from any claim, demand or expense for loss, damage or injury arising out of or in any way connected with the quality, use or condition of the Gas and Associated Liquids after the delivery from the System.

10.3 Applicable Law. This Agreement shall be governed by and interpreted in accordance with laws of the State of Delaware.

10.4 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

10.5 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-3)
(Continued)

ARTICLE XI

11.1 Further Agreement.

(Write None or specify the agreement.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly
executed in several counterparts by its duly authorized officer as of _____, ____.

High Island Offshore System, L.L.C.
(A Limited Liability Company)

By _____

SHIPPER

By _____

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-3)

EXHIBIT A

Maximum Daily Quantity:_____ Dth

Points of Receipt 1/

<u>Location</u>	<u>Maximum Daily</u>	<u>Minimum</u>
	<u>Long Haul</u>	
	<u>Volume in</u>	<u>Pressure</u>
	<u>Dth 2/</u>	
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Points of Delivery

<u>Location</u>	<u>Maximum Daily</u>	<u>Minimum</u>
	<u>Long Haul</u>	
	<u>Volume in</u>	<u>Pressure</u>
	<u>Dth</u>	
-----	-----	-----

1/ See subsections 6.2 and 6.3 of Section 6 of the General Terms and Conditions
for the definitions of Primary Points of Receipt and Secondary Points of
Receipt, respectively.

2/ The sum of the Maximum Daily Volumes must equal the Maximum Daily Quantity.

FORM OF TRANSPORTATION AGREEMENT
(For Use Under Transporter's Rate Schedule FT-3)

EXHIBIT B

Maximum Daily Quantity: _____ Dth

Points of Receipt 1/

<u>Location</u>	<u>Maximum Daily</u>	<u>Minimum</u>
	<u>Short Haul</u>	
	<u>Volume in</u>	<u>Pressure</u>
	<u>Dth 2/</u>	
-----	-----	-----

Points of Delivery

<u>Location</u>	<u>Maximum Daily</u>	<u>Pressure</u>
	<u>Short Haul</u>	
	<u>Dth</u>	
-----	-----	-----

1/ See subsections 6.2 and 6.3 of Section 6 of the General Terms and Conditions
for the definitions of Primary Points of Receipt and Secondary Points of
Receipt, respectively.

2/ The sum of the Maximum Daily Volumes must equal the Maximum Daily Quantity.

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

- 1.1 The term "Administrator" shall mean SPL Incorporated or its successor-in-interest to the NGL Bank Agreement.
- 1.1A The term "Associated Liquids" shall mean condensate (without free water) produced in conjunction with the production of Gas to be transported in the System and liquefiable hydrocarbons contained in such Gas but not including oil.
- 1.2 The term "Btu" shall mean one (1) British thermal unit, the amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit at sixty (60) degrees Fahrenheit. (Btu is measured on a dry basis at 14.73 psia).
- 1.3 The term "Maximum Daily Quantity" shall mean the aggregate of the Maximum Daily Volumes of Gas, expressed in Dth per day, which HIOS, subject to Rate Schedules FT-1, FT-2, FT-3 and IT and the terms and provisions of the Transportation Agreement executed by HIOS and the Shipper, has agreed to accept for transportation for the account of Shipper from the Points of Receipt as set forth in Exhibits A and B of the Transportation Agreement.
- 1.4 The term "Central Time" shall mean Central Clock Time, which includes the recognition of Daylight Savings Time.
- 1.5 The term "Day" or "Gas Day" shall mean a period of 24 consecutive hours, ending at 9:00 a.m. Central Time.
- 1.6 The term "Equivalent Volumes" shall mean the sum of the volumes of Gas as expressed in Dth received by HIOS for the account of Shipper at the Points of Receipt identified in Exhibits A and B of the Transportation Agreement during any given period of time, reduced by the Company Use Percentage described in Section 28.

GENERAL TERMS AND CONDITIONS
(Continued)

- 1.29 The term "Predetermined Allocation (PDA)" shall mean the method determined by the Designated Allocator and provided to HIOS in accordance with Sections 7.6 and 7.7 of the General Terms and Conditions to be used by HIOS in allocating the actual gas volumes delivered for the Shippers' accounts from the individual HIOS measurement points to the respective HIOS Receipt Points.
- 1.30 The term "scheduled volume" or "scheduled nomination" shall mean a volume that has been nominated by Shipper and confirmed by HIOS in accordance with Sections 7.2, 7.3 and 7.4 of the General Terms and Conditions, hereof.
- 1.31 The term "Critical Day" shall mean a day during which, in HIOS' judgment (1) conditions exist that could threaten the safe operation or integrity of the HIOS system or (2) steps must be taken to maintain the operations required to provide efficient and reliable firm service of the system.
- 1.32 The term "Primary Path" shall mean the shortest distance along contiguous HIOS-owned transmission facilities deemed to transport Gas from the Primary Points of Receipt to the Primary Points of Delivery.
- 1.33 The term "Compressor Fuel" shall mean the quantity of gas required by HIOS for compressor operations.
- 1.34 The term "Company Use" shall mean the sum of Compressor Fuel plus Unaccounted For Gas.
- 1.35 The term "Company Use Variance" or "CUV" shall mean the variance between the Company Use collected from all Shippers and the actual Company Use during the same period.
- 1.36 The term "Monthly Billing Quantity", or "MBQ", shall be the contractual quantity to be multiplied by the service rate under each firm service Rate Schedule, using the methodology as provided in the applicable Rate Schedule, for purposes of calculating the monthly Bill due to Shipper under such Rate Schedule.

GENERAL TERMS AND CONDITIONS
(Continued)

2. REQUESTS FOR TRANSPORTATION SERVICE

- 2.1 Requests. To seek to qualify for Transportation Service pursuant to Rate Schedules FT-1, FT-2, FT-3 or IT, a potential Shipper shall submit a request for such Service in writing to the Transporter on a Request Form supplied by Transporter. Transporter will time and date stamp each Request Form on the date Transporter receives the completed Request Form. Transporter shall evaluate and respond to such requests as soon as is reasonably possible, after receipt of such request. Such a Request shall be considered acceptable only if the information specified in subsections 2.2(a) through (j) below is provided in writing, but Transporter may waive all or a portion of such information in individual instances, when the information is already in possession of Transporter. Each request for service under Rate Schedule FT-1, FT-2, and FT-3 by or on behalf of each proposed Shipper, user or reseller of gas shall be accompanied by refundable earnest money in the form of a certified or cashier's check payable to HIOS in the amount of the lesser of ten thousand dollars (\$10,000) or the maximum reservation charge which would be due for the first three months for such requested service, which amount shall be applied, until fully used, against the first amounts due by Shipper to Transporter as a reservation charge; provided, however, that if an Agreement with Shipper is not executed, such amount shall be refunded to Shipper.

Requests for service shall be sent to:

High Island Offshore System, L.L.C.
Attn: Manager, Contract Administration
P. O. Box 4324
Houston, Texas 77210-4324

GENERAL TERMS AND CONDITIONS
(Continued)

- ii. The nature of the Shipper(s) (i.e., an interstate pipeline, intrastate pipeline, local distribution company, end-user, producer, or marketer).
- iii. The state in which Shipper is organized or incorporated.
- iv. The affiliation, if any, of the Shipper(s) with HIOS or with any of the Members in HIOS.

2.2(d) Type of service(s) requested

Specify whether desired service is under Rate Schedule FT-1, FT-2, FT-3 or Rate Schedule IT.

2.2(e) Quantity (stated in Dths)

- i. Maximum Daily Quantity (MDQ) to be transported.
- ii. Maximum Daily Volume (MDV), expressed in Dth, to be transported by Point of Receipt. The sum of the MDV's must equal the MDQ.
- iii. For Transportation Service under Rate Schedules FT-1, FT-2, FT-3 and IT, the Maximum Daily Quantity at each Point of Delivery. (It is recognized that limitations of quantities received at individual Point(s) of Receipt may need to be imposed by Transporter, in light of capacity limitations of Point(s) of Receipt and/or pipeline facilities connected thereto.)
- iv. Amount of Associated Liquids, if any, at each Point of Receipt (state in barrels per 1,000 Dth).
- v. Total quantity of Gas requested to be transported over the life of the transportation agreement, defined as the MDQ times the number of days of the requested initial term.

GENERAL TERMS AND CONDITIONS
(Continued)

- 2.4 Request Validity. Shipper's Request for Transportation Service shall be considered null and void if Transporter has tendered an Agreement for execution to Shipper and Shipper fails to execute the Agreement within thirty (30) days thereafter. In determining whether it is feasible to execute an Agreement, in light of available capacity, relative to service under Rate ~~Schedule~~Schedules FT-1, FT-2 and FT-3, after provision for existing requirements on its system, operating constraints and pending requests for service, Transporter will not tender an agreement which relates to requests for firm service for which it does not have sufficient available capacity, relative to service under Rate ~~Schedule FT~~Schedules FT-1, FT-2 and FT-3, or service which Shipper does not desire to or cannot begin within fifteen (15) days after the execution of the agreement, or such other period as the parties may agree to in writing.
- 2.5 Shipper's Performance. If a Shipper that has executed an Agreement for interruptible transportation service fails, on the later of the date service is to commence or 30 days after the Shipper executes the Agreement or the completion of construction of any necessary facilities or the issuance of any necessary governmental authorization, to nominate, pursuant to Section 7.2 of these General Terms and Conditions, a quantity of Gas for transportation, or fails, having nominated a quantity of Gas and Transporter having scheduled the quantity for transportation, pursuant to Section 7.8 of these General Terms and Conditions, to tender such Gas for transportation on the date it is scheduled, the Transporter may terminate Shipper's Agreement and the Shipper's request for service shall be deemed null and void; provided, however, that the Shipper's Agreement shall not be terminated nor shall the Shipper's request for service be deemed null and void if the Shipper's failure to nominate or tender is caused by an event of force majeure on Transporter's system, as defined in Section 13 of these General Terms and Conditions.

GENERAL TERMS AND CONDITIONS
(Continued)

- 3.6(a) By use of Burnett type apparatus. Such determination shall be made within 60 days of commencement of service under Rate Schedules FT-1, FT-2, FT-3 and IT and annually thereafter.
- 3.6(b) Or, if agreeable to Shipper, by use of the tables or formulas published in the applicable American Gas Association Report referred to in Section 3.6. Determinations of the molecular percentage of nitrogen and carbon dioxide in the Gas will be made within 30 days of commencement of deliveries under Rate Schedules FT-1, FT-2, FT-3 and IT and at least quarterly thereafter. The molecular percentage of nitrogen and carbon dioxide thus determined will be used to determine the supercompressibility factors during the ensuing period with corrections for specific gravity, temperature and pressure.
- 3.7 Measuring Equipment. Unless otherwise agreed upon, Shipper will cause to be provided, maintained, and operated necessary offshore platforms and measuring and regulating stations equipped with flow meters, continuous gas sampler and other necessary measuring equipment by which its volumes of gas delivered to HIOS hereunder shall be determined. Unless otherwise agreed upon, HIOS shall cause to be installed, operated and maintained at its expense a measuring and regulating station or stations equipped with flow meters, gas analyzer and other necessary measuring equipment for the measurement of gas redelivered to or for the account of Shipper; such measuring and regulating stations shall be so installed at the northern terminus of the System or one shall be installed at each of two mutually agreeable points onshore in the vicinity of Johnson's Bayou and Lower Mud Lake, Louisiana to provide measurement on a compatible basis. All flow, measuring, testing, and related equipment shall be of standard manufacture and type approved by HIOS, and the size, type, and specifications of such

GENERAL TERMS AND CONDITIONS
(Continued)

5. CREDITWORTHINESS

- 5.1 HIOS shall not be required to perform or to continue to perform service under Rate Schedules FT-1, FT-2, FT-3 and IT on behalf of any Shipper who is or has become insolvent, or who, at HIOS' request, fails within a reasonable period to demonstrate in HIOS' reasonable determination, the ability to pay all anticipated transportation charges when due for at least three (3) months from the time of demonstration; provided, however, such Shipper may receive service under Rate Schedules FT-1, FT-2, FT-3 and IT if Shipper prepays for such service or furnishes good and sufficient security, as determined by HIOS in its reasonable discretion, in an amount equal to the cost of performing the service requested by Shipper for a three month period, such cost to be determined by multiplying the Shipper's MDQ by the number of days in such three month period multiplied by the applicable overrun rate per Dth, as set forth on Sheet No. 10 of this Tariff. Also refer to Section 2.2(k) and 10.2 of these General Terms and Conditions.
- 5.2 If HIOS requests additional information to be used for credit evaluation after the initiation of service, HIOS, contemporaneous with the request, should provide its reason(s) for requesting the additional information to the Shipper and designate to whom the response should be sent. HIOS and the Shipper may mutually agree to waive the requirements of this standard.
- 5.3 Upon receipt of either an initial or follow-up request from HIOS for information to be used for creditworthiness evaluation, the Shipper's authorized representative(s) should acknowledge receipt of HIOS's request. HIOS and the Shipper may mutually agree to waive the requirements of this standard.
- 5.4 The Shipper's authorized representative(s) should respond to HIOS's request for credit information, as allowed by HIOS's tariff, on or before the due date specified in the request. The Shipper should provide all the credit information requested by HIOS or provide the reason(s) why any of the requested information was not provided.
- 5.5 Upon receipt from the Shipper of all credit information provided pursuant to applicable NAESB WGQ standards, HIOS should notify the Shipper's authorized representative(s) that it has received such information. HIOS and the Shipper may mutually agree to waive the requirements of this standard.

GENERAL TERMS AND CONDITIONS
(Continued)

6. RECEIPT AND DELIVERY

- 6.1 Points of Receipt. The Points of Receipt hereunder shall be the points of connection between the facilities of HIOS and the facilities of the Shippers or others, including Stingray Pipeline Company, at the points on the System where Shippers shall deliver, or cause to be delivered, Gas to HIOS for transportation service. HIOS will make all Points of Receipt available to all Shippers, either as Primary Points of Receipt or Secondary Points of Receipt, as defined in subsections 6.2 and 6.3 of this Section 6.
- 6.2 Primary Points of Receipt. Primary Points of Receipt are those points set forth on Exhibits A and B of the Transportation Agreement for which an MDV is stated.
- 6.3 Secondary Points of Receipts. Secondary Points of Receipt are all Points of Receipt on HIOS' system other than Primary Points of Receipt as defined in subsection 6.2 of this Section 6.
- 6.4 Changes in Primary Points of Receipt or MDV. An FT-1, FT-2, or ~~FFFT-3~~ Shipper shall from time to time notify HIOS in writing of its desire for an additional Primary Point of Receipt or for a change in the MDV at an existing Primary Point of Receipt; provided, however, that the requested changes or additions in the MDV at such Points of Receipt shall not result in the sum of the MDV at each point of receipt in Exhibits A and B to exceed the MDQ of the Transportation Agreement. Such request for change shall be subject to the capacity provisions described in Sections 3 and 4 of the Preliminary Statement and HIOS shall have fifteen (15) days from receipt of Shipper's written request to evaluate the change with respect to capacity availability. To the extent capacity is available at the desired receipt point, such capacity shall be available within one (1) business day after the fifteen (15) day evaluation period. Exhibits A and B of the Transportation Agreement shall be amended and executed by the parties to reflect the authorized change.

GENERAL TERMS AND CONDITIONS
(Continued)

7.9 Receipt and Delivery Point Priority

- 7.9(a) HIOS shall schedule the receipts and deliveries of gas of each Shipper, on each day, in sequence, from highest to lowest priority, as follows: (1) first, among HIOS' firm Rate Schedules ~~T, FT-1, FT-2 and FT-2-3~~ FT-1, FT-2 and FT-3 transportation customers at Primary Points of Receipt and Primary Points of Delivery, up to each such customer's ~~Currently Effective Contract Demand or~~ Maximum Daily Quantity, as applicable; (2) second, among HIOS' firm Rate Schedules ~~T, FT and FT-1, FT-2 and FT-3~~ FT-1, FT-2 and FT-3 transportation customers at Secondary Points of Receipt and Secondary Points of Delivery only within the Primary Path, up to each such customer's ~~Currently Effective Contract Demand or~~ Maximum Daily Quantity, as applicable; (3) third, among HIOS' firm Rate Schedules ~~T, FT, -1, FT-2 and FT-2-3~~ FT-1, FT-2 and FT-3 transportation customers at any points outside of the Primary Path, up to each such customer's ~~Currently Effective Contract Demand or~~ Maximum Daily Quantity, as applicable; (4) fourth, ~~according to Section 3 of Rate Schedule I for eligible shippers having executed a Transportation Agreement for Rate Schedule I service entitlements prior to April 1, 1989; and (5)~~ fifth, among HIOS' interruptible Rate Schedule IT transportation customers, up to each such customer's Currently Effective Maximum Daily Quantity, as applicable, and all overrun service. In the event that nominations received in sequencing category (1), (2) or (3) above exceed the capacity available, then the available capacity shall be allocated pro rata based on the nominations received in each such category. In the event that the nominations received in ~~either~~ sequencing category (4) ~~or (5)~~ above exceed the capacity available to that individual sequencing category, then the available capacity shall be allocated within the sequencing category as follows: first, on the basis of the price paid to HIOS for the service being nominated, with the nominated service paying the highest price receiving the highest priority; and if insufficient capacity still remains, then on the basis of the date of the service agreement underlying the nomination, with the nomination under the service agreement having the oldest date receiving the highest priority, provided that, in the event of a tie in service agreement dates, then pro rata among the tying service agreements based on the nominations received under each of the tying agreements.

GENERAL TERMS AND CONDITIONS
(Continued)

- 7.9(b) Utilization of Secondary Points of Receipt or Secondary Points of Delivery by a Shipper under the ~~FT-1~~, FT-1, FT-2 or ~~FT-2-3~~ Rate Schedule shall not cause any diminution of such Shipper's entitlement to firm service at Shipper's Primary Points of Receipt or Primary Points of Delivery.
- 7.9(c) HIOS shall be obligated to act upon a request for use of a Secondary Point of Receipt or Secondary Points of Delivery, or change in use of a Secondary Point of Receipt or Secondary Points of Delivery, within one (1) business day of such request.
- 7.10 Receipt of Gas. Departures from the scheduled deliveries at the points of receipt shall be kept to the minimum permitted by operating conditions, and shall be balanced as soon as practicable.
- 7.11 Delivery of Gas. Based upon the daily volumes scheduled, such information as may be available concerning the volumes actually received, and after first making adjustments for any prior imbalance in receipts, HIOS shall daily make delivery, to the extent practicable, of Equivalent Volumes of Gas at the points of delivery.
- 7.12 Hourly Variation. Deliveries shall be made at uniform hourly rates to the extent practicable.

GENERAL TERMS AND CONDITIONS
(Continued)

- 7.15 Operational Balancing Agreements. HIOS recognizes that, despite best efforts to match deliveries of gas volumes to the designated interconnecting pipeline at the HIOS delivery point with the gas volumes allocated to the Shippers' account at the same HIOS delivery point, imbalances in the aggregate of all Shippers' gas volumes intended for delivery to the designated interconnecting pipeline may occur. HIOS may enter into an Operational Balancing Agreement (OBA) with the interconnecting pipeline at each HIOS delivery point on a nondiscriminatory basis, the terms and conditions of which will provide for the resolution of any imbalances. A pro forma OBA is set forth on Sheet Nos. 180-183 of this Tariff.
- Any subsequent provisions that may be entered into pursuant to the "mutually agreed" to provisions of the pro forma OBA are to be consistent with the terms of this Tariff.
- 7.16 Segmentation of Capacity. Any Shipper receiving firm transportation service under Rate Schedules FT-1, FT-2 or FT-2-3 may segment its capacity by nominating service at any Points of Receipt and Points of Delivery along the System, provided that: (1) the segmentation nomination is operationally feasible; (2) the total of the segmentation nominations by the original Shipper or a combination of Releasing and Replacement Shippers on any overlapping segment does not exceed the firm entitlements of the underlying segmented Service Agreement; (3) capacity exists at the applicable Points of Receipt and Points of Delivery subject to the segmentation nomination; and (4) all gas transported through Shipper's use of segmentation opportunities hereunder remains in compliance with the gas quality and thermal content requirements of this tariff. The total of segmentation nominations by the original Shipper or a combination of Releasing and Replacement Shipper(s) may exceed the firm entitlements of the underlying segmented Service Agreement at a Point of Receipt or a Point of Delivery provided that any resulting overlap of contract quantities at a point may consist only of a forwardhaul up to the firm entitlement(s) and a backhaul up to the firm entitlement(s) to the same point at the same time. Subject to the limits set forth herein, Shippers acquiring segmented capacity shall also be permitted to nominate Secondary Points of Receipt and Secondary Points of Delivery up to Shipper's Maximum Daily Quantity.
- Further, if both the Primary Point of Receipt and Primary Point of Delivery in the underlying Service Agreement are located downstream of High Island Block 264 then any segmentation nomination to either a Receipt or Delivery Point located upstream of High Island Block 264 shall be subject to the applicable Long Haul Rate. For purposes of determining whether a nominated segmented release is operationally feasible, HIOS shall take into consideration the availability of mainline and/or point capacity, the location on HIOS' System of the nominated segment, and whether or not the nomination is otherwise consistent with the tariff requirements and scheduling practices for all of HIOS' services.

GENERAL TERMS AND CONDITIONS
(Continued)

Volumes shall be curtailed in the following order: (1) pro rata among both requests for overrun service and confirmed nominations for service under Rate Schedule IT, up to the Maximum Daily Volumes of the shippers nominating Rate Schedule IT service; (2) pro rata among confirmed nominations for service under Rate Schedules FT-1, FT-2 and FT-23, up to the ~~Currently Effective Contract Demands or~~ Maximum Daily Quantities, as applicable, of the shippers nominating Rate Schedules ~~FT-1, FT-2 or FT-3~~ FT-1, FT-2 or FT-3 service.

15. CONSTRUCTION OF DELIVERY LATERALS

Unless otherwise agreed to in writing, HIOS shall not be required to construct, own or operate delivery lateral facilities. In the event that HIOS does agree to construct, own, or operate delivery lateral facilities, it will do so in a nondiscriminatory manner, and HIOS may require the reimbursement of the costs associated therewith as agreed to by the parties. Nothing herein shall require HIOS to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act, nor shall anything herein be construed to authorize the filing of such an application by others on its behalf. Moreover, nothing herein shall prevent HIOS from contesting an application for service filed pursuant to Section 7(a) of the Natural Gas Act. HIOS reserves the right to seek a waiver of the policy set forth herein for good cause shown.

16. RIGHT OF FIRST REFUSAL

16.1 Purpose of Section. Subject to the procedures and conditions set forth in the following subsections of this Section 16, an existing firm shipper that is served by HIOS pursuant to a Transportation Agreement under ~~Rate Schedule FT of~~ this Tariff with a primary term of one year or longer shall be afforded a right of first refusal, at the end of such primary term or any extension thereof of one (1) year or longer, to continue its firm capacity entitlements under the Transportation Agreement. Any such existing firm shipper is hereinafter referred to as an "Existing Shipper".

GENERAL TERMS AND CONDITIONS
(Continued)

16.5(c) The period of time that the Qualified Bidder proposes to take the capacity; and

16.5(d) The reservation charge that the Qualified Bidder proposes to pay for the capacity.

HIOS shall be under no obligation to accept or consider Qualified Bids at less than the maximum reservation charge. However, HIOS will inform the Existing Shipper of the maximum bid that was received, or the fact that no bids were received.

16.6 Qualification of Bidders. In order to qualify for available capacity, a prospective shipper must first:

16.6(a) Demonstrate, to HIOS' reasonable satisfaction, that it is creditworthy in accordance with Sections 2.2(k) and 5 of the General Terms and Conditions of this Tariff; and

16.6(b) Provide to HIOS a statement of its willingness and ability to:
(1) execute a Transportation Agreement for firm transportation service in accordance with Rate Schedule FT-1, FT-2 or FT-~~2~~-3 of this Tariff; and (2) become a party to the Gas Allocation Agreement between HIOS and its shippers.

In the interest of expediting HIOS' creditworthiness review, a prospective shipper may submit to HIOS, at any time, the credit evaluation materials described in Section 2.2(k) of the General Terms and Conditions of this Tariff. HIOS reserves the right to request additional or renewed credit evaluation materials at any time for the purpose of reviewing a completed creditworthiness evaluation.

GENERAL TERMS AND CONDITIONS
(Continued)

end of such additional fixed period, again exercise a right of first refusal under this Section 16 for such capacity. HIOS reserves the right to initiate the posting, competitive bidding, and right of first refusal procedures in this Section 16 in advance of any successive extension of the existing Transportation Agreement.

17. CAPACITY RELEASE

17.1 Eligibility. Subject to the procedures and conditions set forth in the following subsections of this Section 17, any holder of firm capacity rights under Rate ~~Schedule~~Schedules ~~FT-1 and FT-3~~ of this Tariff, including any person that acquired such rights through release pursuant to such procedures and conditions, may release all such rights, or a part thereof, to another person. Any such person that seeks to release firm capacity rights is hereinafter referred to as a "Releasing Shipper". The person to whom such rights are released is hereinafter referred to as the "Replacement Shipper". For the purposes of certain provisions of this Section 17, the "Replacement Shipper" may be referred to as the "Prearranged Shipper" as that term is defined in subsection 17.4 of this Section 17, where applicable.

17.2 Limitations on Releases. Any proposed release of capacity under this Section 17 shall be subject to the following limitations:

17.2(a) The Capacity Release timeline is applicable to all parties involved in the Capacity Release process; however, it is only applicable if (1) all information provided by the parties to the transaction is valid and the Replacement Shipper has been determined to be creditworthy, in accordance with Sections 2.2(k) and 5, hereof, before the capacity release bid is tendered and (2) there are no special terms or conditions of the release.

GENERAL TERMS AND CONDITIONS
(Continued)

- 17.2(b) Period of Release. Any proposed release of capacity must be for a period of no less than one (1) day, as defined in subsection 1.5 of the General Terms and Conditions, and no more than the remaining primary term of the Transportation Agreement between the Releasing Shipper and HIOS.
- 17.2(c) Volume of Release. Any proposed release of capacity must be in an amount of no less than 100 Dth at any specific receipt point, and no more than the Releasing Shipper is entitled to, by receipt point, delivery point, and in total, under its Transportation Agreement with HIOS.
- 17.2(d) FT-2 Capacity Releases.
- i. Temporary Releases. A Shipper under Rate Schedule FT-2 may release capacity in accordance with the terms and conditions of this Section 17 for periods less than the remaining primary term of its FT-2 Agreement only during months in which Shipper is being billed a Reservation Charge pursuant to Section 4 of Rate Schedule FT-2.
 - ii. Permanent Releases. A Shipper under Rate Schedule FT-2 may release capacity in accordance with the terms and conditions of this Section 17 for the remaining primary term of its FT-2 Agreement only where the Replacement Shipper (a) has complied with all of the terms and conditions relative to Rate Schedule FT-2, Rate Schedule FT-1 or Rate Schedule FT-3, (b) has executed a FT-2, FT-1 or Rate Schedule FT-3 Agreement with HIOS for the released capacity at the rate and for the primary term originally set forth in Releasing Shipper's Transportation Agreement with HIOS, and (c) has succeeded to, or otherwise acquired, that portion of the gas reserves that are committed under the Reserve

GENERAL TERMS AND CONDITIONS
(Continued)

Commitment Agreement that corresponds to the amount of capacity being released, all unless HIOS agrees otherwise in a nondiscriminatory manner.

- 17.2(e) Maximum Reservation Charge. Pursuant to 18 C.F.R. Section 284.8(i) of the Commission's regulations, until September 30, 2002, for releases with terms of less than one year, the Releasing Shipper may specify a rate for the released capacity that exceeds the maximum rate stated on the then-effective Sheet No. 10. For releases with terms of one year or more and for all releases after September 30, 2002, a Releasing Shipper may not specify a reservation charge for the released capacity that exceeds the maximum reservation charge stated on the then-effective Sheet No. 10 of this Tariff. For releases with terms of one year or more and for all releases after September 30, 2002, a Releasing Shipper may, however, specify a volumetric reservation charge, provided that such charge does not exceed the maximum reservation charge stated on the then-effective Sheet No. 10 of this Tariff when converted to a volumetric charge on a one hundred percent (100%) load factor basis.
- 17.2(f) Other Terms or Conditions. A Releasing Shipper may not specify any terms or conditions for the release that conflict with the terms and conditions of: (1) the Releasing Shipper's Rate Schedule FT-1 or FT-3 Transportation Agreement with HIOS; or (2) this tariff.

GENERAL TERMS AND CONDITIONS
(Continued)

charge, or higher if applicable pursuant to Section 17.2(e) hereof, shall be deemed to include all non-commodity based charges provided under HIOS' tariff for the capacity to be released, including, but not limited to, any F.E.R.C. Order No. 636 transition costs attributable to the capacity to be released. Unless the Qualified Bid states otherwise, a Qualified Bid for a reservation charge less than HIOS' maximum reservation charge shall not include any such non-commodity based charges not directly included in the reservation charge stated in HIOS' tariff.

17.6(g) The Qualified Bid must commit to payment of the maximum commodity charge for Rate Schedule FT-1, FT-2 or FT-2-3 service, as set forth on Sheet No. 10 of this Tariff, in connection with use of the capacity to be released, as well as all other applicable add-on charges and surcharges under HIOS' tariff, including, but not limited to, the ACA charge and any F.E.R.C. Order No. 636 commodity-based transition cost recovery surcharge.

17.7 Bid Selection Procedures

17.7(a) HIOS shall rank all bids and select the "best bid" or "better offer" as defined in Section 17.7(b) from among the bids received. However, if more than one bidder submits the "best bid" or "better offer", the first bidder in time, inclusive of the Prearranged Shipper, shall be selected and posted as the "best bid" or "better offer", unless the Releasing Shipper specifies another tie-breaking methodology in its Release Proposal. If multiple bids meeting minimum conditions have been submitted, bids shall be awarded best bid or better offer first, until all offered capacity is awarded. Any bid submitted for released capacity

GENERAL TERMS AND CONDITIONS
(Continued)

Release Proposal. If the Prearranged Shipper declines to match the highest-value Qualified Bid, then the first award of available capacity shall be granted to the Qualified Bidder that made such highest-value Qualified Bid.

17.7(d) Notification of Winners. HIOS shall notify winning Qualified Bidders and/or Prearranged Shippers, via HIOS' Interactive Internet Website by 3:00 p.m. Central Time of their award of capacity. An award of released capacity shall be deemed to occur on the date that such notification occurs, or, in the case of a short-term Prearranged Transaction, on the date that HIOS receives the associated Release Proposal from the Releasing Shipper. The effective date of the release shall be determined in accordance with subsection 17.8 of this Section 17.

17.7(e) HIOS shall post the winning bid, and name of the winning bidder on its Interactive Internet Website for five (5) days.

17.8 Effecting Service for the Replacement Shipper.

17.8(a) A release of capacity under this Section 17 shall become effective on the later of:

- (1) the date specified for such release in the Release Proposal/Prearranged Transaction, as applicable; (2) the date that HIOS receives a Rate Schedule FT-1, FT-2 or FT-2-3 Transportation Agreement that has been executed by the Replacement Shipper, and that includes specification of the MDQ, receipt point entitlements, and delivery point entitlements that have been released to that Replacement Shipper; (3) the

GENERAL TERMS AND CONDITIONS
(Continued)

Transportation Agreement for firm transportation service that conforms to Rate Schedule FT-1, FT-2 or FT-2-3 of this Tariff; and (2) become a party to the Gas Allocation Agreement between HIOS and its shippers.

- 17.11(b) HIOS reserves the right to request additional or renewed credit evaluation materials at any time for the purpose of reviewing a completed creditworthiness evaluation.
- 17.12 Rights and Obligations of the Releasing Shipper and the Replacement Shipper.
- 17.12(a) General Commitment of Replacement Shipper. By acquiring released capacity, a Replacement Shipper agrees that it will comply with all of the provisions of this Tariff, the terms and conditions of the executed Rate ~~Schedule~~Schedules FT-1, FT-2 and FT-3 Transportation Agreement, and the applicable orders, rules, and regulations of the Federal Energy Regulatory Commission. The Replacement Shipper shall remain fully liable to HIOS at the end of the term of the release transaction for all responsibilities under its Transportation Agreement with HIOS, including, but not limited to, all charges incurred by the Replacement Shipper.
- 17.12(b) Continuing Obligations of Releasing Shipper. The original Releasing Shipper in any sequence of one or more releases involving the same capacity ("Original Releasing Shipper") shall continue to be liable for all reservation charges associated with the released capacity, up to the reservation charge specified in the Original Releasing Shipper's underlying

GENERAL TERMS AND CONDITIONS
(Continued)

Rate ~~Schedule~~Schedules FT-1, FT-2 and FT-3 Transportation Agreement with HIOS. By releasing firm capacity to a Replacement Shipper, the Releasing Shipper recognizes and agrees that such release shall reduce the Releasing Shipper's firm capacity rights under its underlying Transportation Agreement with HIOS during the term of the release, beginning on the effective date thereof, except for any period that the released capacity is recalled by the Releasing Shipper.

- 17.12(c) Release by Replacement Shipper. A release of capacity by a Replacement Shipper shall not relieve the Original Releasing Shipper, or any Replacement Shipper in the sequence of releases between the Original Releasing Shipper and the Replacement Shipper holding the capacity, of their obligations under this tariff or their respective Transportation Agreements with HIOS. Re-releases may be on the same terms and conditions as the primary release (except as prohibited by F.E.R.C. regulations).
- 17.12(d) Changes in Receipt or Delivery Points. A Releasing Shipper may include in its Release Proposal restrictions on the Replacement Shipper's ability to modify primary receipt and delivery points in its Transportation Agreement with HIOS. In the absence of any restrictions, the Releasing Shipper shall be deemed to have amended its Transportation Agreement to incorporate the changes to primary receipt and delivery points made effective by any Replacement Shipper in the sequence of releases between the Original Releasing Shipper and the Replacement Shipper holding the capacity.

GENERAL TERMS AND CONDITIONS
(Continued)

- 18.2(a) Qualification of Replacement Downstream Shipper. Any prospective Replacement Downstream Shipper that would take assigned capacity must qualify for such assignment under the requirements of subsection 18.4 of this Section 18.
- 18.2(b) Permanence of the Assignment. Any assignment of capacity shall be permanent, and shall not be subject to recall by the Assigning Shipper.
- 18.2(c) Volume of Assignment. Any assignment of capacity must be in an amount of no less than 100 Dth at any specific receipt point, and no more than the Assigning Shipper is entitled to, by receipt point, delivery point, and in total, under its Transportation Agreement with HIOS.
- 18.2(d) Terms and Conditions of Assignment. A Replacement Downstream Shipper that takes assigned capacity must accept all of the terms and conditions of the Assigning Shipper's Transportation Agreement with HIOS, including the remaining primary term thereof. A Replacement Downstream Shipper that takes assigned capacity shall execute a Rate Schedule FT-1 or FT-3 Transportation Agreement with HIOS, covering use of the assigned capacity.
- 18.2(e) Provision Regarding Continuing Obligation of Assigning Shipper. The Assigning Shipper may request from HIOS a release from its obligations under the Assigning Shipper's Transportation Agreement with HIOS; subject to the approval of HIOS' creditors to whom said Transportation Agreement has been pledged, HIOS shall act on Assigning Shipper's request for release from its obligations on a nondiscriminatory basis, and shall not unreasonably withhold approval

GENERAL TERMS AND CONDITIONS
(Continued)

26. Discounting

HIOS and Shipper may agree that a specified discounted rate will apply: (a) to Rate Schedules I, ~~FT~~, ~~FT-1~~, ~~FT-2~~ and ~~FT-3~~; (b) only if specified quantity levels are actually achieved under Shipper's service agreement (with higher rates, charges, and fees applicable to all quantities above those levels, or to all quantities under Shipper's service agreement if the specified levels are not achieved); (c) only to natural gas reserves committed by the Shipper; (d) only during specified time periods; or (e) only to specified Points of Receipt, Points of Delivery, transportation paths, or defined geographical areas; provided, however, that any such discounted rates set forth above shall be between the minimum and maximum rates applicable to the service provided under HIOS' Tariff.

Such forms of discounts shall not be considered a material deviation from HIOS' pro forma service agreements as a result of such discounts and HIOS shall not be required to file such agreements with the Commission as a non-conforming agreement because of such discounts.

In addition, the discount agreement may include a provision that if one rate component that was at or below the applicable Maximum Rate at the time the discount agreement was executed subsequently exceeds the applicable Maximum Rate due to a change in HIOS' Maximum Rates so that such rate component must be adjusted downward to equal the new applicable Maximum Rate, then other rate components may be adjusted upward to achieve the agreed overall rate, as long as none of the resulting rate components exceeds the Maximum Rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission Order accepts revised tariff sheet rates. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates that had been charged under a discount agreement exceeded rates that ultimately are found to be just and reasonable.

GENERAL TERMS AND CONDITIONS
(Continued)

28.3(b) Unaccounted For Gas. The Unaccounted For Gas percentage shall be calculated annually as the quotient of a) the Unaccounted For Gas experienced for the previous calendar year ending each December 31 and b) the projected quantity of gas received by HIOS for the account of Shippers during the recovery period. HIOS shall include supporting workpapers.

28.3(c) Company Use True up. As part of each annual filing made pursuant to this Section 28, HIOS shall calculate a Company Use True up percentage each year as the quotient of a) the Company Use Variance on the balance sheet of the company as of the end of the previous calendar year, plus carrying charges, and b) the projected quantity of gas received by HIOS for the account of Shippers during the recovery period. HIOS shall include supporting workpapers.

Notwithstanding the foregoing, HIOS shall mitigate any positive Company Use true-up as provided herein. If, at the end of a calendar year, HIOS has a negative Company Use Variance and calculates a positive Company Use true-up pursuant to this Section; and during the same calendar year utilized herein HIOS realizes net positive cashout revenue as provided in Section 8.6 of these General Terms and Conditions; then HIOS shall utilize such net positive revenues to either purchase or offset Gas quantities and reduce or eliminate any such positive Company Use true-up. To purchase said quantities, HIOS shall post a notice on its bulletin board soliciting bids for the sale of the Gas and shall accept the bid(s) with the lowest net cost to HIOS.

28.3(d) Company Use Percentage. The Company Use Percentage shall equal the sum of the Compressor Fuel percentage, the Unaccounted For Gas percentage and the Company Use True up percentage.

29. THIRD PARTY CHARGES

Shipper responsible for delivering all Gas to Transporter's system, and shall be free to contract with third party(ies) to achieve such result. If Shipper requests, and Transporter agrees, that Transporter shall, for service to Shipper, use transportation service which Transporter has contracted for with third party(ies) on behalf of Shipper, Shipper will pay Transporter an amount equal to the charges Transporter is obligated to pay to third party(ies) for transportation or other services attributable to performance of Service on behalf of Shipper under this Rate Schedule. Such charges include, but are not limited to, compression fuel charges, compression fees, Gas handling fees, measurement fees, processing fees, facility rents, or charges that Transporter pays to a third party for Transportation of Shipper's Gas, including the third party's filing and regulatory fees. Such charges, as they may be from time to time, shall be set forth as separate items on billings rendered to Shipper.

30. OFF-SYSTEM CAPACITY

From time to time, Transporter may enter into transportation and/or storage agreements with other interstate and intrastate pipelines and storage providers ("off-system capacity"). In the event that Transporter acquires off-system capacity, Transporter

GENERAL TERMS AND CONDITIONS
(Continued)

will use such capacity for operational reasons or to render service for its Shippers. In the event that Transporter uses off-system capacity to render service for its Shippers, it will only render service to Shippers on the acquired capacity pursuant to Transporter's FERC Gas Tariff and subject to Transporter's approved rates, as such tariff and rates may change from time to time. For purposes of transactions entered into subject to this section, the "Shipper must have title" requirement is waived.

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
NOMINATION REQUEST FORM

----- Time/Date Stamp: _____

Service Provider Name: _____
Service Provider ID #: _____

Service Requester Name: _____ Beginning Date: _____
Service Requester ID#: _____ Beginning Time: _____
Representative: _____ Ending Date: _____
Telephone No.: _____ Ending Time: _____
Facsimile No.: _____

Capacity Type Indicator (FT-1, FT-2, FT-3, IT): _____ = _____ Model Type: _____
Service Requester Contract Number: _____ Quantity Type Indicator: _____
Longhaul: _____ Transaction Type: _____
Shorthaul: _____

ALWAYS FACSIMILE NOMINATION REQUESTS TO THE FOLLOWING LOCATION:

High Island Offshore System, L.L.C.
P. O. Box 4324
Houston, Texas 77210-4324
Attn: Manager, Contract Administration
Facsimile No.: (713) 803-7996
Telephone No.: (713) 803-7940

Upstream Identifier Code	Producer Operator Name	HIOS Electronic Measurement Location	Dth/D	Lateral Transporter	Downstream Shipper	Downstream Contract Number	Quantity Dth/D
-----	-----	-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----
-----	-----	-----	-----	-----	-----	-----	-----

By signing this Nomination/Schedule, Shipper certifies that Shipper has title to the gas or right to deliver the gas which is to be transported by HIOS.

By: _____

Title: _____

Transportation Service Request Form
(Continued)

State in Which Shipper is Organized or Incorporated: _____

Shipper's Affiliation With HIOS or Any Member in HIOS: _____

Address for _____
Statements & _____
Invoices _____
Attention: _____ Telephone: _____

Dispatch & Control Representative _____
Telephone No. _____ Telecopier: _____

For All _____
Other Matters _____
Attention: _____ Telephone: _____

3. Term of Service

Date service is requested to commence: _____

Date service is requested to terminate: _____

4. This request is for: (Check One)

_____ Interruptible Service under Rate Schedule IT

_____ Firm Service under Rate Schedule FT-1

_____ Firm Service under Rate Schedule FT-2

_____ Firm Service under Rate Schedule FT-3

5. Requested Maximum Daily Quantity (MDQ)

_____ Dth per day

6. Requested total quantity for initial term (MDQ x days in initial term)

_____ Dth

7. Liquids & Liquefiabiles

Is Shipper requesting transportation of Associated Liquids?

YES _____ NO _____

If yes, name and location of Processing Plant: _____

(Attach a table showing associated liquids at points of receipt)

Transportation Service Request Form
(Continued)

8. Point(s) of Receipt

Location

Short Haul Point(s) of Receipt -----	Maximum Daily Volumes in Dth @ 14.73 Psia -----	Central Lateral Point(s) of Receipt -----	Maximum Daily Volumes in Dth @ 14.73 Psia -----
H.I. A-218		H.I. A-281	
H.I. A-247		H.I. A-303	
W.C. 314		H.I. A-340	
W.C. 342		H.I. A-546	
W.C. 376		H.I. A-573	
West Lateral Point(s) of Receipt -----	Maximum Daily Volumes in Dth @ 14.73 Psia -----	East Lateral Point(s) of Receipt -----	Maximum Daily Volumes in Dth @ 14.73 Psia -----
H.I. A-270		H.I. A-271	
H.I. A-283		H.I. A-280	
H.I. A-468		H.I. A-298	
H.I. A-470		H.I. A-316	
H.I. A-492		H.I. A-323	
H.I. A-498		H.I. A-343M	
H.I. A-526		H.I. A-345	
H.I. A-539		H.I. A-332	
H.I. A-555		H.I. A-330M	
H.I. A-582M			

(If more space is required, please attach a listing).

9. Point(s) of Delivery

Location -----	MDQ FT-1/FT-2/FT-3 -----	Party Receiving Gas from HIOS -----
(1) ANR Pipeline/W.C. 167	_____	_____
(2) UTOS/W.C. 167	_____	_____
(3) Stingray/H.I. 330	_____	_____
(4) Tennessee Gas Pipeline /W.C. 167	_____	_____

FORM OF RESERVE COMMITMENT AGREEMENT
(Continued)

- 1.3 Any Capitalized terms not defined herein shall have the meaning ascribed thereto in Transporter's F.E.R.C. Gas Tariff.

ARTICLE II
RESERVE DEDICATION

- 2.1 Subject to the provisions of Sections 2.4 and 2.5, Shipper hereby agrees to deliver into and transport through Transporter's pipeline facilities under a Transportation Agreement under Rate Schedule FT-2, "FT-2 Agreement," or under Rate Schedule FT-1, "FT-1 Agreement" between Shipper and Transporter all gas produced by or for the account of Shipper, or any affiliate of Shipper, from the Committed Lease(s) for the producible life of the Committed Lease(s).
- 2.2(a) In the event Shipper should transfer or assign any or all of its rights, title and/or interest in the Committed Lease(s), Shipper agrees that (i) it shall notify Transporter in writing of its intent of such assignment as soon as practicable and (ii) any such transfer or assignment will be made subject to the terms of this Agreement, it being the intent of the parties hereto subject to the provisions of Article V and this Article II, that the Committed Lease(s) remain dedicated for purposes of transportation under Rate Schedule FT-2, Rate Schedule FT-1, and/or Rate Schedule FT-3 to Transporter's pipeline facilities for the producible life of the Committed Lease(s). All of the provisions of this Agreement shall be applicable to assignees of Shipper's interests in the Committed Lease(s), and such assignees shall receive a proportionate assignment of the rights and obligations hereunder with respect to the Committed Lease(s) so assigned. Upon such assignment, Shipper shall be relieved of its obligations under this Agreement to the extent, and only to the extent, such obligations are assigned to a third party.
- (b) Shipper shall be entitled to unitize any Committed Lease(s) with one or more additional OCS leases without the consent of Transporter. In the event of such unitization, then (i) such unitization shall not be deemed a transfer or assignment of Shipper's interest for the purpose of this Agreement and (ii) only the gas production attributable to Shipper's interest in the unit shall be subject to the provisions of this Agreement or be entitled to the services provided by the associated FT-2 Agreement. For purposes of this Section 2.2 (b), "unitize" or "unitization" shall mean the combination of all or parts of the leases in a prospect, reservoir, or field such that development and operation of the unit are provided

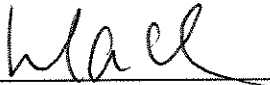
STATEMENT OF PRINCIPAL ACCOUNTING OFFICER

**RATE FILING OF
HIGH ISLAND OFFSHORE SYSTEM, L.L.C.**

DOCKET NO. RP06-____

TO THE FEDERAL ENERGY REGULATORY COMMISSION:

I, Michael A. Creel, Executive Vice President and Chief Financial Officer of High Island Offshore System, L.L.C. represent that the cost statements and supporting data, together with the related required working papers, submitted as a part of the above mentioned filing by High Island Offshore System, L.L.C., which purport to reflect the books of the Company do, in fact, set forth the results shown by such books.



Michael A. Creel
Executive Vice President and Chief Financial
Officer
High Island Offshore System, L.L.C.

Dated: AUGUST 24, 2006

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

High Island Offshore System, L.L.C.

Docket No. RP06-

NOTICE OF PROPOSED CHANGES
IN FERC GAS TARIFF

Take notice that on August 31, 2006, High Island Offshore System, L.L.C. (HIOS) tendered for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, the tariff sheets listed in Appendix A to the filing, to become effective October 1, 2006.

HIOS states that the proposed rate changes result in an increase of \$13.8 million in total system revenues from jurisdictional service based on the 12-month base period ending June 30, 2006, as adjusted for known and measurable changes through the nine month test period ending March 31, 2007. HIOS further states that the rate change is necessary to compensate HIOS for increases in its operating costs, depreciation expense, and negative salvage expenses and to provide a reasonable management fee. The rate change is also needed to recognize significant reductions in transportation throughput. HIOS is also proposing to implement certain proposed firm service enhancements applicable to future services. Finally, HIOS is proposing a new Rate Schedule FT-3, using a term-differentiated rate design.

HIOS states that a full copy of its filing is being served on all jurisdictional customers, applicable state commissions and interested parties that have requested service.

Any person desiring to be heard or to protest said filing should file a motion to intervene or a protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Sections 385.214 or 385.211 of the Commission's Rules and Regulations. All such motions or protests must be filed in accordance with Section 154.210 of the Commission's Regulations. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceedings. Any person wishing to become a party must file a motion to intervene. This filing is available for review at the Commission in the Public Reference Room or may be viewed on the Commission's website at <http://www.ferc.gov> using the "FERRIS" link. Enter the docket number excluding the last three digits in the docket number field to access the document. For Assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at (866) 208-3676, or TTY, contact (202) 502-8659. Comments, protests and interventions may be filed electronically via the Internet in lieu of paper. The Commission strongly encourages electronic filings. See, 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link.

Magalie R. Salas
Secretary

Exhibit No. HIO-1

Docket No. RP06-
Statement A

High Island Offshore System, L.L.C.
Overall Cost of Service
Twelve Months Ending June 30, 2006, As Adjusted

Line No.	Description	Statement	Twelve Months Ended June 30, 2006 As Adjusted
	(1)	(2)	(3)
1	Operating Expenses	H-1	31,569,005
2	Depreciation	H-2	1,495,902
3	Negative Salvage	H-2	3,701,210
4	Return	B	-
5	Management Fee	Exhibit No. HIO-67	4,172,138
6	Taxes - Federal	H-3	1,649,992
7	Taxes - State	H-3	-
8	Taxes - Other	H-4	167,754
9	Total Cost of Service		<u>\$ 42,756,001</u>
10	Revenue Credits	G-5	(265,417)
11	Net Cost of Service		<u><u>\$ 42,490,584</u></u>

Exhibit No. HIO-2

Docket No. RP06-
Statement B

High Island Offshore System, L.L.C.
Rate Base
Twelve Months Ending June 30, 2006, As Adjusted

Line No.	Description	Statement	Twelve Months Ended June 30, 2006 As Adjusted
	(1)	(2)	(3)
1	Gas Plant in Service	C	\$ 392,300,536
	Accumulated DD & A		
2	Plant	D	\$ (317,229,135)
3	Supplemental Depreciation	D	\$ (65,358,548)
4	Negative Salvage	D	(15,363,091)
5	Total Accumulated DD & A		<u>\$ (397,950,774)</u>
6	Net Plant		\$ (5,650,238)
7	Working Capital	E	-
8	Deferred Income Taxes	B - 1	(546,436)
9	Rate Base		<u><u>\$ (6,196,674)</u></u>
10	Rate of Return	F-2	11.76%
11	Return		<u><u>\$ -</u></u>

High Island Offshore System, L.L.C.
Accumulated Deferred Income Taxes
Actual & As Adjusted

Line No.	Particulars	Account 190	Account 282	Account 283	Net Acc. Deferred Income Taxes
	(1)	(2)	(3)	(4)	(5)
1	Balance at June 30, 2006, Actual	\$ 4,196,562	\$ (357,148)	\$ -	\$ 3,839,414
	<u>Monthly Activity during Test Period</u>				-
2	July 31, 2006	17,482	(21,032)	-	(3,550)
3	August 31, 2006	17,482	(21,032)	-	(3,550)
4	September 30, 2006	17,482	(21,032)	-	(3,550)
5	October 31, 2006	17,482	(21,032)	-	(3,550)
6	November 30, 2006	17,482	(21,032)	-	(3,550)
7	December 31, 2006	17,482	(21,032)	-	(3,550)
8	January 31, 2007	17,482	(21,032)	-	(3,550)
9	February 28, 2007	17,482	(21,032)	-	(3,550)
10	March 31, 2007	17,482	(21,032)	-	(3,550)
11	Balance at March 31, 2007	<u>\$ 4,353,900</u>	<u>\$ (546,436)</u>	<u>\$ -</u>	<u>\$ 3,807,464</u>
12	Adjustments	<u>\$ (4,353,900)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,353,900)</u>
13	Balance at March 31, 2007, as Adjusted	<u>\$ -</u>	<u>\$ (546,436)</u>	<u>\$ -</u>	<u>\$ (546,436)</u>

High Island Offshore System, L.L.C.
Reconciliation of Net Book Plant to Net Tax Plant
FERC Account No. 282
Actual & As Adjusted

Line No.	Particulars	Balance At June 30, 2005 Actual	Additions	Retirements	Balance At June 30, 2006 Actual	Additions	Retirements	Plant Related DFIT Balance At June 30, 2006 As Adjusted
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Plant Per Books:							
1	Book Plant	\$ 387,250,164	\$ 1,438,605	\$ (529,503)	\$ 388,159,266	\$ 3,207,800	\$ -	\$ 391,367,066
2	Accumulated Book Depreciation	(381,233,516)	(1,457,384)	1,078,703	(381,612,197)	(975,486)	-	(382,587,683)
3	Net Book Plant	<u>\$ 6,016,648</u>	<u>\$ (18,779)</u>	<u>\$ 549,200</u>	<u>\$ 6,547,069</u>	<u>\$ 2,232,314</u>	<u>\$ -</u>	<u>\$ 8,779,383</u>
	Plant Per Tax:							
4	Tax Plant	\$ 387,250,164	\$ 1,438,605	\$ (529,503)	\$ 388,159,266	\$ 3,207,800	\$ -	\$ 391,367,066
5	Accumulated Tax Depreciation	(380,925,000)	(2,259,524)	312,102	(382,872,422)	(1,643,391)	-	(384,515,813)
6	Net Tax Plant	<u>\$ 6,325,164</u>	<u>\$ (820,919)</u>	<u>\$ (217,401)</u>	<u>\$ 5,286,844</u>	<u>\$ 1,564,409</u>	<u>\$ -</u>	<u>\$ 6,851,253</u>
7	Book in Excess of Tax Plant	\$ 308,516	\$ (802,140)	\$ (766,601)	\$ (1,260,225)	\$ (667,905)	\$ -	\$ (1,928,130)
8	Effective Combined Income Tax Rate	28.34%	28.34%	28.34%	28.34%	28.34%	28.34%	28.34%
9	Deferred Income Taxes	<u>\$ 87,433</u>	<u>\$ (227,326)</u>	<u>\$ (217,255)</u>	<u>\$ (357,148)</u>	<u>\$ (189,284)</u>	<u>\$ -</u>	<u>\$ (546,432)</u>
10	Amount Reflected in FERC Account No. 282				<u>\$ (357,148)</u>	<u>\$ (189,284)</u>	<u>\$ -</u>	<u>\$ (546,432)</u>
11	Remaining Difference				<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

High Island Offshore System, L.L.C.
Accumulated Deferred Income Taxes
June 30, 2006, Actual

Line No.	Particulars	FERC Account 190		FERC Acct. 282	FERC Account 283			Net
		Negative Salvage	Bad Debt Reserve	Plant Book vs. Tax Basis	Net FERC Fees	Billing Matters	Bad Debt Reserve	Accumulated Deferred Income Taxes
	Column (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Balance at June 30, 2005	\$ 3,987,450	\$ -	\$ 87,433	\$ -	\$ -	\$ -	\$ 4,074,883
2	July 31, 2005	17,426	-	(37,048)	-	-	-	(19,622)
3	August 31, 2005	17,426	-	(37,048)	-	-	-	(19,622)
4	September 30, 2005	17,426	-	(37,048)	-	-	-	(19,622)
5	October 31, 2005	17,426	-	(37,048)	-	-	-	(19,622)
6	November 30, 2005	17,426	-	(37,048)	-	-	-	(19,622)
7	December 31, 2005	17,426	-	(37,048)	-	-	-	(19,622)
8	January 31, 2006	17,426	-	(37,048)	-	-	-	(19,622)
9	February 28, 2006	17,426	-	(37,048)	-	-	-	(19,622)
10	March 31, 2006	17,426	-	(37,048)	-	-	-	(19,622)
11	April 31, 2006	17,426	-	(37,048)	-	-	-	(19,622)
12	May 31, 2006	17,426	-	(37,048)	-	-	-	(19,622)
13	June 30, 2006	17,426	-	(37,048)	-	-	-	(19,622)
14	Balance at June 30, 2006, Actual	<u>\$ 4,196,562</u>	<u>\$ -</u>	<u>\$ (357,148)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,839,414</u>

Exhibit No. HIO-4

**Docket No. RP06-
Schedule B-2**

**High Island Offshore System, L.L.C.
Regulatory Asset and Liability**

High Island Offshore System, L.L.C. is not seeking any recovery of regulatory assets or liabilities; therefore, this schedule is not applicable.

High Island Offshore System, L.L.C.
Cost of Plant
Twelve Months Ended June 30, 2006, Actual & As Adjusted

Line No.	Account No.	DESCRIPTION	Balance At June 30, 2005 Actual	Additions	Reductions	Balance At June 30, 2006 Actual	Adjustments	Balance At June 30, 2006 As Adjusted
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	101	Gas plant in service	\$ 387,250,164	\$ 1,438,605	\$ 529,503	\$ 388,159,266	\$ 3,207,800	\$ 391,367,066
2	107	Construction work in progress	<u>1,439,422</u>	<u>1,020,696</u>	<u>1,438,604</u>	<u>1,021,514</u>	<u>(88,044)</u>	<u>933,470</u>
3		Total Cost of Plant	<u>\$ 388,689,586</u>	<u>\$ 2,459,301</u>	<u>\$ 1,968,107</u>	<u>\$ 389,180,780</u>	<u>\$ 3,119,756</u>	<u>\$ 392,300,536</u>

High Island Offshore System, L.L.C.
Gas Plant in Service by Plant Account
Balance per Books at June 30, 2006, Actual & As Adjusted

Line No.	Plant Account No.	DESCRIPTION	Balance At June 30, 2006 Actual	Adjustments	Balance At June 30, 2006 As Adjusted
	(1)	(2)	(3)	(4)	(5)
		<u>FERC Account No. 101</u>			
		Intangible Plant			
1	302	Franchises and consents	\$ 881,419	\$ -	\$ 881,419
2		Total Intangible Plant	\$ 881,419	\$ -	\$ 881,419
		Transmission Plant			
		Onshore			
3	365.1	Land	\$ 985,152	\$ -	\$ 985,152
4	366.2	Measuring and regulating station	37,541	-	37,541
5	366.3	Other Structures	5,205,773	-	5,205,773
6	369	Measuring & regulating sta. equipment	1,786,737	-	1,786,737
7		Sub-Total Onshore Plant	\$ 8,015,203	\$ -	\$ 8,015,203
		Offshore			
8	366.1	Compressor station structures	\$ 38,620,421	\$ -	\$ 38,620,421
9	366.2	Measuring and regulating station	1,102,039	600,000	1,702,039
10	366.3	Other Structures	1,853,432	10,000	1,863,432
11	367	Mains	255,286,507	795,300	256,081,807
12	368	Compressor station equipment	62,096,178	582,500	62,678,678
13	369	Measuring & regulating sta. equipment	9,174,581	-	9,174,581
14		Sub-Total Offshore Plant	\$ 368,133,158	\$ 1,987,800	\$ 370,120,958
15		Total Transmission Plant	\$ 376,148,361	\$ 1,987,800	\$ 378,136,161
16	370	Communication Equipment	\$ 3,879,895	\$ 1,210,000	\$ 5,089,895
17	371	Other Equipment	383,914	-	383,914
		General Plant			
18	391	Office furniture and equipment	\$ 406,436	\$ 10,000	\$ 416,436
19	392	Transportation equipment	2,938,204	-	2,938,204
20	394	Tools, shop and garage equipment	2,977,448	-	2,977,448
21	398	Miscellaneous equipment	543,590	-	543,590
22		Total General Plant	\$ 6,865,678	\$ 10,000	\$ 6,875,678
23		Total Plant in Account 101	\$ 388,159,267	\$ 3,207,800	\$ 391,367,067

High Island Offshore System, L.L.C.
Construction Work in Progress by Functional Classification
Balance per Books at June 30, 2006, Actual & As Adjusted

Line No.	DESCRIPTION	Balance At June 30, 2006 Actual	Adjustments	Balance At June 30, 2006 As Adjusted
	(1)	(2)	(3)	(4)
	<u>FERC Account No. 107</u>			
1	Transmission Plant Offshore	\$ 1,021,514	\$ (88,044)	\$ 933,470
2	Total Transmission	\$ 1,021,514	\$ (88,044)	\$ 933,470
3	Communications Plant	\$ -	\$ -	\$ -
4	Total Account No. 107 - Work in Progress	\$ 1,021,514	\$ (88,044)	\$ 933,470
5	Total All Plant	\$ 389,180,781	\$ 3,119,756	\$ 392,300,537

High Island Offshore System, L.L.C.
Cost of Plant Adjustments
June 30, 2006, Actual & As Adjusted

Line No.	FERC Account No.	DESCRIPTION	Balance At June 30, 2006 Actual	Transmission Plant Additions Adj. No. 1	General Plant Additions Adj. No. 2	Construction Work in Progress Adj. No. 3	Balance At June 30, 2006 As Adjusted
		(1)	(2)	(3)	(4)	(5)	(6)
1	101	Intangible Plant (Acct. No. 302)	\$ 881,419	\$ -	\$ -	-	\$ 881,419
2	101	Transmission Plant (Acct. Nos. 365-369)	376,148,361	1,987,800	-	-	378,136,161
3	101	Communication Equipment (Acct. No. 370)	3,879,895	1,210,000	-	-	5,089,895
4	101	Other Equipment (Acct. No. 371)	383,914	-	-	-	383,914
5	101	General Plant (Acct. Nos. 391 - 398)	<u>6,865,678</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>6,875,678</u>
6	101	Total Plant in Service	\$ 388,159,267	\$ 3,197,800	\$ 10,000	\$ -	\$ 391,367,067
7	107	Construction Work in Progress	<u>1,021,514</u>	<u>-</u>	<u>-</u>	<u>(88,044)</u>	<u>933,470</u>
8		Total	<u>\$ 389,180,781</u>	<u>\$ 3,197,800</u>	<u>\$ 10,000</u>	<u>\$ (88,044)</u>	<u>\$ 392,300,537</u>

High Island Offshore System, L.L.C.
Major Plant Additions and Retirements
July 1, 2006 to March 31, 2007

Line No.	Work Order No.	FERC Code	DESCRIPTION	Amount
	(1)	(2)	(3)	(4)
<u>Additions</u>				
Transmission Plant				
1	G93837	368	Replace Hydrocarbon Sump Skimmer	\$ 82,500
2	G95419	368	Replace Sea Water Cooling Pipe/Valve	232,000
3	G00608	368	Replace HIA370 Pig Trap Blk Valve	156,000
4	P11864	368	West Cam 167 Station Inverter Upgrade	12,000
5	P11865	366.3	West Cam 167 Platform Lighting Back Power outage	10,000
6	P12143	368	Upgrade Sea Water Cooling (Phase 3)	65,000
7	P12144	368	HIA246B Sewage Treatment Plant	35,000
8	P12158	370	Upgrade EFM Technology AGA Phase 1 of 2	210,000
9	P12169	367	West Cam 294 Lateral Connection To HIOS WC 167	795,300
10	1/	370	Voice and Data Upgrade	1,000,000
11	1/	366.2	Upgrade Gas Measurement Transmitters	600,000
12			Total Transmission Plant	3,197,800
General Plant				
13	P00013	391	Furniture and fixtures	10,000
14			Total General Plant	10,000
15			Total Gas Plant	\$ 3,207,800

1/ These entries have unassigned work order numbers.

Exhibit No. HIO-8

Docket No. RP06-

Schedule C-2

Page 2 of 2

**High Island Offshore System, L.L.C.
Major Plant Additions and Retirements**

High Island Offshore System, L.L.C. had not budgeted for any major retirements during the Test Period.

Exhibit No. HIO-9

Docket No. RP06-
Schedule C - 2.1

High Island Offshore System, L.L.C.
Uncompleted Work Orders at June 30, 2006
Account 107
July 1, 2006 to March 31, 2007

Line No.	Work Order No.	DESCRIPTION	Amount
	(1)	(2)	(3)
1	G93837	Replace Hydrocarbon Sump Skimmer	51,773
2	G96010	Purchase 42" Mark - V Connector	3,368
3	P00013	Miscellaneous furniture and fixtures	9,822
4	P11864	West Cam 167 Station Inverter Upgrade	3,740
5	P12144	HIA246B Sewage Treatment Plant	19,341
6		Total	<u>\$ 88,044</u>

Exhibit No. HIO-10

**Docket No. RP06-
Schedule C-3**

**High Island Offshore System, L.L.C.
Gas Storage**

High Island Offshore System, L.L.C. does not have any gas storage.

Exhibit No. HIO-11

**Docket No. RP06-
Schedule C-4**

**High Island Offshore System, L.L.C.
Allowance for Funds Used During Construction**

No change in method or procedure has been made since the end of the year as reported in the last FERC Form 2.

Exhibit No. HIO-12

**Docket No. RP06-
Schedule C-5**

**High Island Offshore System, L.L.C.
Cost of Gas Plant in Service Not Being Used
In Rendering Gas Service**

This schedule is not applicable.

High Island Offshore System, L.L.C.
Accumulated Provision for Depreciation, Depletion, and Amortization
Twelve Months Ended June 30, 2006, Actual & As Adjusted

Line No.	DESCRIPTION	Balance At June 30, 2005 Actual	Additions	Reductions	Balance At June 30, 2006 Actual	Adjustments	Balance At June 30, 2006 As Adjusted
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Account 108 - Accumulated Provisions for Depreciation of Gas Plant in Service						
	Transmission						
1	Onshore	\$ 4,821,780	\$ 126,541	\$ -	\$ 4,948,321	\$ 97,542	\$ 5,045,863
2	Offshore	301,510,433	616,297	1,078,703	301,048,027	294,003	301,342,030
3	Negative Salvage	<u>14,070,042</u>	<u>737,867</u>	<u>-</u>	<u>14,807,909</u>	<u>555,182</u>	<u>15,363,091</u>
4	Total	\$ 320,402,255	\$ 1,480,705	\$ 1,078,703	\$ 320,804,257	\$ 946,727	\$ 321,750,984
5	Communication Plant	2,935,064	135,796	-	3,070,860	133,610	3,204,470
6	General Plant	5,726,272	578,750	-	6,305,022	450,331	6,755,353
7	Supplemental Depreciation	<u>65,358,548</u>	<u>-</u>	<u>-</u>	<u>65,358,548</u>	<u>-</u>	<u>65,358,548</u>
8	Total Account 108	<u>\$ 394,422,139</u>	<u>\$ 2,195,251</u>	<u>\$ 1,078,703</u>	<u>\$ 395,538,687</u>	<u>\$ 1,530,668</u>	<u>\$ 397,069,355</u>
9	Account 111 - Intangible	881,419	-	-	881,419	-	881,419
10	Total Accumulated Provision	<u>\$ 395,303,558</u>	<u>\$ 2,195,251</u>	<u>\$ 1,078,703</u>	<u>\$ 396,420,106</u>	<u>\$ 1,530,668</u>	<u>\$ 397,950,774</u>

High Island Offshore System, L.L.C.
Computation of Provisions for Depreciation
June 30, 2006 through March 31, 2007

Line No.	Functional Classification	Depreciable Plant (Statement H(2))		Annual Depreciation Rate	July - March 2007		
		Balance At June 30, 2006 Actual	Additions		June 30, 2006 Plant	Additions	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Depreciable Plant</u>							
1	Intangible Plant	\$ 881,419	\$ -	1.00%	\$ -	\$ -	\$ -
	Transmission Plant						
2	Onshore	\$ 7,030,051	\$ -	1.85%	\$ 97,542	\$ -	\$ 97,542
3	Offshore	368,133,158	1,987,800	0.10%	276,100	1,491	277,591
4	Negative Salvage	-	-	0.20%	552,200	2,982	555,182
5	Communication Plant	\$ 3,879,895	\$ 1,210,000	3.50%	\$ 101,847	\$ 31,763	\$ 133,610
6	Other Equipment	383,914	-	5.70%	16,412	-	16,412
	General Plant						
7	Office Furniture and Equipment	\$ 406,436	\$ 10,000	6.67%	\$ 20,322	\$ 500	\$ 20,822
8	Transportation Equipment	2,938,204	-	10.00%	220,365	-	220,365
9	Tools, Shop and Garage Equipment	2,977,448	-	5.71%	127,605	-	127,605
10	Computer Equipment	543,590	-	20.00%	81,539	-	81,539
11	Total	<u>\$ 387,174,115</u>	<u>\$ 3,207,800</u>		<u>\$ 1,493,932</u>	<u>\$ 36,736</u>	<u>\$ 1,530,668</u>

Exhibit No. HIO-14

**Docket No. RP06-
Schedule D-1**

**High Island Offshore System, L.L.C.
Depreciation Reserve Applicable to
Depreciation Rates Not Yet Approved**

This schedule is not applicable.

Exhibit No. HIO-15

**Docket No. RP06-
Schedule D-2**

**High Island Offshore System, L.L.C.
Methods and Procedures Followed in
Depreciating, Depleting and Amortizing
Plant and Recording Abandonments**

No policy change has been made effective since the last FERC Form 2 was filed with the Commission.

Exhibit No. HIO-16

**Docket No. RP06-
Statement E**

**High Island Offshore System, L.L.C.
Working Capital
Average for 13 Months Ended June 30, 2006**

High Island Offshore System, L.L.C. is not claiming any working capital allowance; therefore, this schedule is not applicable.

Exhibit No. HIO-17

**Docket No. RP06-
Schedule E-1**

**High Island Offshore System, L.L.C.
Cash Working Capital**

High Island Offshore System, L.L.C. is not claiming a cash working capital amount in rate base in this proceeding; therefore, this schedule is not applicable.

Exhibit No. HIO-18

**Docket No. RP06-
Schedule E-2**

**High Island Offshore System, L.L.C.
Balances for Materials, Supplies and Prepayments
Twelve Months Ended June 30, 2006**

High Island Offshore System, L.L.C. is not claiming any Working Capital allowance; therefore, this schedule is not applicable.

Exhibit No. HIO-19

**Docket No. RP06-
Schedule E-3**

**High Island Offshore System, L.L.C.
Gas Storage**

High Island Offshore System, L.L.C. does not have any Gas Storage. Consequently, there are no costs or volumes shown on this schedule or included in the computation of working capital.

Exhibit No. HIO-20

**Docket No. RP06-
Statement F-1**

**High Island Offshore System, L.L.C.
Rate of Return Claimed**

High Island Offshore System, L.L.C. (HIOS) has included in its total cost of service a management fee calculated using an overall rate of return of 11.76%. This overall rate of return is based upon a weighted average cost of 8.34% debt and an allowance of 14.04% on equity applied to its parent's estimated actual 40% debt / 60% equity capitalization as of March 31, 2007, as shown on Statement F-2.

The data submitted herewith and in Statement P, incorporated herein by reference, fully demonstrates that the rate of return claimed is the minimum required consistent with the present costs of capital and current financial and economic conditions of HIOS and is justified due to the level of uncertainties and current business risk facing HIOS and the natural pipeline industry. The rate of return on equity is supported by HIOS Witness Porter.

Exhibit No. HIO-21

Docket No. RP06-
Statement F-2

High Island Offshore System, L.L.C.
Capitalization, Cost of Capital & Rate of Return

Line No.	Capitalization	Ratio	Cost of Capital	Return
	(1)	(2)	(3)	(4)
1	Long Term Debt	40.00%	8.34%	3.34%
2	Equity	<u>60.00%</u>	14.04%	<u>8.42%</u>
3	Total	<u><u>100.00%</u></u>		<u><u>11.76%</u></u>

Exhibit No. HIO-22

**Docket No. RP06-
Statement F-3**

**High Island Offshore System, L.L.C.
Statement of Long-Term Debt**

High Island Offshore System, L.L.C. does not reflect any long term debt on its financials at the end of the Base Period (June 30, 2006) nor does it expect to issue any long term debt as of the end of the Test Period (March 31, 2007). For purposes of HIOS' capitalization, HIOS assumes a 40% long term debt capitalization at a weighted cost of debt of 8.34%, reflecting the parent's estimated actual capital structure and cost of debt, as explained in the testimony of HIOS Witness Kwan.

Exhibit No. HIO-23

**Docket No. RP06-
Statement F-4**

**High Island Offshore System, L.L.C.
Preferred Stock Capital**

High Island Offshore System, L.L.C. has no Preferred Stock Capital outstanding at the end of the Base Period (June 30, 2006) or at the end of the Test Period (March 31, 2007).

**High Island Offshore System, L.L.C.
Summary of Transportation Revenue
For the Twelve Months Ended June 30, 2006
Actual and As Adjusted**

Line No.	Rate Schedule	Schedule Reference	Reservation Revenue	Commodity Revenue	Other Revenue	Reservation Quantity (Dth)	Commodity Quantity (Dth)	Other Quantities (Dth)	Total Revenues (col 3 + col 4+ col 5)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Base Period									
1	FT-1	Schedule G-1	\$ 2,582,109	\$ 5,492	\$ 229,768	1,000,000	4,216,070	2,607,524	\$ 2,817,369
2	FT-2 1/	Schedule G-1	-	3,601,832	1,434,605	-	37,782,461	14,897,385	5,036,437
3	Total Firm		<u>\$ 2,582,109</u>	<u>\$ 3,607,324</u>	<u>\$ 1,664,373</u>	<u>1,000,000</u>	<u>41,998,531</u>	<u>17,504,909</u>	<u>\$ 7,853,806</u>
4	IT 2/	Schedule G-1	<u>\$ -</u>	<u>\$ 12,459,768</u>	<u>\$ -</u>	<u>-</u>	<u>138,067,502</u>	<u>-</u>	<u>\$ 12,459,768</u>
5	Total Firm and IT		<u>\$ 2,582,109</u>	<u>\$ 16,067,092</u>	<u>\$ 1,664,373</u>	<u>1,000,000</u>	<u>180,066,033</u>	<u>17,504,909</u>	<u>\$ 20,313,574</u>
6	Other Revenues 3/	Schedule G-5	\$ -	\$ -	\$ 349,233	-	-	340,715	\$ 349,233
7	Total System Revenue		<u><u>\$ 2,582,109</u></u>	<u><u>\$ 16,067,092</u></u>	<u><u>\$ 2,013,606</u></u>	<u><u>1,000,000</u></u>	<u><u>180,066,033</u></u>	<u><u>17,845,624</u></u>	<u><u>\$ 20,662,807</u></u>
As Adjusted									
8	FT-1	Schedule G-2	\$ -	\$ -	\$ -	-	-	-	\$ -
9	FT-2 4/	Schedule G-2	4,161,000	-	707,377	27,740,000	-	4,715,800	4,868,377
10	Total Firm		<u>\$ 4,161,000</u>	<u>\$ -</u>	<u>\$ 707,377</u>	<u>27,740,000</u>	<u>-</u>	<u>4,715,800</u>	<u>\$ 4,868,377</u>
11	IT 5/	Schedule G-2	<u>\$ -</u>	<u>\$ 32,486,081</u>	<u>\$ -</u>	<u>-</u>	<u>116,447,792</u>	<u>-</u>	<u>\$ 32,486,081</u>
12	Total Firm and IT		<u>\$ 4,161,000</u>	<u>\$ 32,486,081</u>	<u>\$ 707,377</u>	<u>27,740,000</u>	<u>116,447,792</u>	<u>4,715,800</u>	<u>\$ 37,354,458</u>
13	Other Revenues 3/	Schedule G-5	\$ -	\$ -	\$ 265,417	-	-	258,944	\$ 265,417
14	Total System Revenue		<u><u>\$ 4,161,000</u></u>	<u><u>\$ 32,486,081</u></u>	<u><u>\$ 972,794</u></u>	<u><u>27,740,000</u></u>	<u><u>116,447,792</u></u>	<u><u>4,974,744</u></u>	<u><u>\$ 37,619,875</u></u>

1/ All FT-2 base period revenues collected pursuant to negotiated rate agreements.

2/ Includes 3,534,982 Dth and \$439,752 of revenue collected pursuant to negotiated rate agreements.

3/ Revenues and Volumes related to transportation of liquids. See Statement A, column 3 line 10.

4/ All revenues collected pursuant to negotiated rate of \$0.15.

5/ Includes 2,327,247 Dth and \$289,510 of revenue collected pursuant to negotiated rate of \$0.1244.

**High Island Offshore System, L.L.C.
Base Period Transportation Revenues
For the Twelve Months Ended June 30, 2006, Actual**

Line No.	Rate Sched.	Month	Contract No.	Shipper	Reservation Quantity (Dth)	Commodity Quantity (Dth)	Authorized Overrun Volume	Reservation Rate	Commodity Rate	Overrun Rate	Reservation Revenue	Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	FT-1	Jul 2005	7490	ARENA ENERGY LLC (TRIUMPH ENERGY) 1/	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	FT-1	Aug 2005	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-	-	-	-	-	-	-	-	-
3	FT-1	Sep 2005	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-	-	-	-	-	-	-	-	-
4	FT-1	Oct 2005	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	10,000	-	-	2.7507	0.0013	0.0918	15,972	-	-	15,972
5	FT-1	Nov 2005	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	10,000	37,862	56,335	2.7507	0.0013	0.0918	27,507	49	5,172	32,728
6	FT-1	Dec 2005	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	10,000	-	262,664	2.7507	0.0013	0.0918	27,507	-	24,113	51,620
7	FT-1	Jan 2006	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	10,000	-	300,762	2.7507	0.0013	0.0918	27,507	-	27,610	55,117
8	FT-1	Feb 2006	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-	-	-	-	-	-	-	-	-
9	FT-1	Mar 2006	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-	-	-	-	-	-	-	-	-
10	FT-1	Apr 2006	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-	-	-	-	-	-	-	-	-
11	FT-1	May 2006	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-	-	-	-	-	-	-	-	-
12	FT-1	Jun 2006	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-	-	-	-	-	-	-	-	-
13	FT-1			TOTAL	<u>40,000</u>	<u>37,862</u>	<u>619,761</u>				<u>\$ 98,493</u>	<u>\$ 49</u>	<u>\$ 56,895</u>	<u>\$ 155,437</u>
1/ Formerly Triumph Energy LLC. Name change effective January 2006.														
14	FT-1	Jul 2005	7493	DELTA ENERGY LLC	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	FT-1	Aug 2005	7493	DELTA ENERGY LLC	-	-	-	-	-	-	-	-	-	-
16	FT-1	Sep 2005	7493	DELTA ENERGY LLC	-	-	-	-	-	-	-	-	-	-
17	FT-1	Oct 2005	7493	DELTA ENERGY LLC	10,000	87,580	18,810	2.7507	0.0013	0.0918	15,972	114	1,727	17,813
18	FT-1	Nov 2005	7493	DELTA ENERGY LLC	10,000	243,750	58,505	2.7507	0.0013	0.0918	27,507	317	5,371	33,195
19	FT-1	Dec 2005	7493	DELTA ENERGY LLC	10,000	251,875	61,394	2.7507	0.0013	0.0918	27,507	327	5,636	33,470
20	FT-1	Jan 2006	7493	DELTA ENERGY LLC	10,000	250,952	61,933	2.7507	0.0013	0.0918	27,507	326	5,685	33,519
21	FT-1	Feb 2006	7493	DELTA ENERGY LLC	10,000	246,176	30,136	2.7507	0.0013	0.0918	27,507	320	2,766	30,594
22	FT-1	Mar 2006	7493	DELTA ENERGY LLC	10,000	304,867	5,425	2.7507	0.0013	0.0918	27,507	396	498	28,401
23	FT-1	Apr 2006	7493	DELTA ENERGY LLC	10,000	249,752	39,487	2.7507	0.0013	0.0918	27,507	325	3,625	31,457
24	FT-1	May 2006	7493	DELTA ENERGY LLC	10,000	281,206	13,431	2.7507	0.0013	0.0918	27,507	366	1,233	29,106
25	FT-1	Jun 2006	7493	DELTA ENERGY LLC	-	-	-	-	-	-	-	-	-	-
26	FT-1			TOTAL	<u>80,000</u>	<u>1,916,158</u>	<u>289,121</u>				<u>\$ 208,521</u>	<u>\$ 2,491</u>	<u>\$ 26,541</u>	<u>\$ 237,553</u>

High Island Offshore System, L.L.C.
Base Period Transportation Revenues
For the Twelve Months Ended June 30, 2006, Actual

Line No.	Rate Sched.	Month	Contract No.	Shipper	Reservation Quantity (Dth)	Commodity Quantity (Dth)	Authorized Overrun Volume	Reservation Rate	Commodity Rate	Overrun Rate	Reservation Revenue	Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	FT-1	Jul 2005	7491	KERR MCGEE CORP	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	FT-1	Aug 2005	7491	KERR MCGEE CORP	-	-	-	-	-	-	-	-	-	-
3	FT-1	Sep 2005	7491	KERR MCGEE CORP	-	-	-	-	-	-	-	-	-	-
4	FT-1	Oct 2005	7491	KERR MCGEE CORP	80,000	549,357	12,300	2.7507	0.0013	0.0918	120,676	680	1,129	122,485
5	FT-1	Nov 2005	7491	KERR MCGEE CORP	80,000	1,712,693	77,046	2.7507	0.0013	0.0918	220,056	2,272	7,073	229,401
6	FT-1	Dec 2005	7491	KERR MCGEE CORP	80,000	-	-	2.7507	0.0013	0.0918	220,056	-	-	220,056
7	FT-1	Jan 2006	7491	KERR MCGEE CORP	80,000	-	-	2.7507	0.0013	0.0918	220,056	-	-	220,056
8	FT-1	Feb 2006	7491	KERR MCGEE CORP	80,000	-	-	2.7507	0.0013	0.0918	220,056	-	-	220,056
9	FT-1	Mar 2006	7491	KERR MCGEE CORP	80,000	-	-	2.7507	0.0013	0.0918	220,056	-	-	220,056
10	FT-1	Apr 2006	7491	KERR MCGEE CORP	80,000	-	-	2.7507	0.0013	0.0918	220,056	-	-	220,056
11	FT-1	May 2006	7491	KERR MCGEE CORP	80,000	-	-	2.7507	0.0013	0.0918	220,056	-	-	220,056
12	FT-1	Jun 2006	7491	KERR MCGEE CORP	80,000	-	-	2.7507	0.0013	0.0918	220,056	-	-	220,056
13	FT-1			TOTAL	<u>720,000</u>	<u>2,262,050</u>	<u>89,346</u>				<u>\$ 1,881,124</u>	<u>\$ 2,952</u>	<u>\$ 8,202</u>	<u>\$ 1,892,278</u>
14	FT-1	Jul 2005	7492	NEWFIELD EXPLORATION	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	FT-1	Aug 2005	7492	NEWFIELD EXPLORATION	-	-	-	-	-	-	-	-	-	-
16	FT-1	Sep 2005	7492	NEWFIELD EXPLORATION	-	-	-	-	-	-	-	-	-	-
17	FT-1	Oct 2005	7492	NEWFIELD EXPLORATION	40,000	-	-	2.7507	0.0013	0.0918	63,887	-	-	63,887
18	FT-1	Nov 2005	7492	NEWFIELD EXPLORATION	40,000	-	458,824	2.7507	0.0013	0.0918	110,028	-	42,120	152,148
19	FT-1	Dec 2005	7492	NEWFIELD EXPLORATION	40,000	-	557,645	2.7507	0.0013	0.0918	110,028	-	45,544	155,572
20	FT-1	Jan 2006	7492	NEWFIELD EXPLORATION	40,000	-	592,827	2.7507	0.0013	0.0918	110,028	-	50,466	160,494
21	FT-1	Feb 2006	7492	NEWFIELD EXPLORATION	-	-	-	-	-	-	-	-	-	-
22	FT-1	Mar 2006	7492	NEWFIELD EXPLORATION	-	-	-	-	-	-	-	-	-	-
23	FT-1	Apr 2006	7492	NEWFIELD EXPLORATION	-	-	-	-	-	-	-	-	-	-
24	FT-1	May 2006	7492	NEWFIELD EXPLORATION	-	-	-	-	-	-	-	-	-	-
25	FT-1	Jun 2006	7492	NEWFIELD EXPLORATION	-	-	-	-	-	-	-	-	-	-
26	FT-1			TOTAL	<u>160,000</u>	<u>-</u>	<u>1,609,296</u>				<u>\$ 393,971</u>	<u>\$ -</u>	<u>\$ 138,130</u>	<u>\$ 532,101</u>
27				TOTAL FT-1	<u>1,000,000</u>	<u>4,216,070</u>	<u>2,607,524</u>				<u>\$ 2,582,109</u>	<u>\$ 5,492</u>	<u>\$ 229,768</u>	<u>\$ 2,817,369</u>

**High Island Offshore System, L.L.C.
Base Period Transportation Revenues
For the Twelve Months Ended June 30, 2006, Actual**

Line No.	Rate Sched.	Month	Contract No.	Shipper	Reservation Quantity (Dth)	Commodity Quantity (Dth)	Authorized Overrun Volume	Reservation Rate	Commodity Rate	Overrun Rate	Reservation Revenue	Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	FT-2	Jul 2005	4855	BP ENERGY COMPANY	-	682,000	1,025,272	\$ 2.7507	\$ 0.0013	\$ 0.0918	\$ -	\$ 84,841	\$ 127,544	\$ 212,385
2	FT-2	Aug 2005	4855	BP ENERGY COMPANY	-	682,000	936,816	2.7507	0.0013	0.0918	-	62,607	86,000	148,607
3	FT-2	Sep 2005	4855	BP ENERGY COMPANY	-	660,000	349,962	2.7507	0.0013	0.0918	-	60,588	32,127	92,715
4	FT-2	Oct 2005	4855	BP ENERGY COMPANY	-	350,300	369,587	2.7507	0.0013	0.0918	-	32,158	33,928	66,086
5	FT-2	Nov 2005	4855	BP ENERGY COMPANY	-	339,000	1,149,512	2.7507	0.0013	0.0918	-	31,120	105,525	136,645
6	FT-2	Dec 2005	4855	BP ENERGY COMPANY	-	350,300	1,099,589	2.7507	0.0013	0.0918	-	32,158	100,942	133,100
7	FT-2	Jan 2006	4855	BP ENERGY COMPANY	-	350,300	952,845	2.7507	0.0013	0.0918	-	32,158	87,471	119,629
8	FT-2	Feb 2006	4855	BP ENERGY COMPANY	-	316,400	759,972	2.7507	0.0013	0.0918	-	29,046	69,765	98,811
9	FT-2	Mar 2006	4855	BP ENERGY COMPANY	-	350,300	780,909	2.7507	0.0013	0.0918	-	32,158	71,687	103,845
10	FT-2	Apr 2006	4855	BP ENERGY COMPANY	-	339,000	735,964	2.7507	0.0013	0.0918	-	31,121	67,561	98,682
11	FT-2	May 2006	4855	BP ENERGY COMPANY	-	350,300	690,212	2.7507	0.0013	0.0918	-	32,158	63,361	95,519
12	FT-2	Jun 2006	4855	BP ENERGY COMPANY	-	339,000	628,954	2.7507	0.0013	0.0918	-	31,120	57,738	88,858
13	FT-2			TOTAL	-	5,108,900	9,479,594				\$ -	\$ 491,233	\$ 903,649	\$ 1,394,882
14	FT-2	Jul 2005	4856	EXXON MOBIL CORPORATION	-	3,410,000	1,030,750	\$ 2.7507	\$ 0.0013	\$ 0.0918	\$ -	\$ 424,204	\$ 128,225	\$ 552,429
15	FT-2	Aug 2005	4856	EXXON MOBIL CORPORATION	-	3,410,000	851,871	2.7507	0.0013	0.0918	-	313,038	78,202	391,240
16	FT-2	Sep 2005	4856	EXXON MOBIL CORPORATION	-	2,626,096	-	2.7507	0.0013	0.0918	-	241,076	-	241,076
17	FT-2	Oct 2005	4856	EXXON MOBIL CORPORATION	-	1,580,465	-	2.7507	0.0013	0.0918	-	145,087	-	145,087
18	FT-2	Nov 2005	4856	EXXON MOBIL CORPORATION	-	2,550,000	1,305,311	2.7507	0.0013	0.0918	-	234,090	119,828	353,918
19	FT-2	Dec 2005	4856	EXXON MOBIL CORPORATION	-	2,635,000	1,080,841	2.7507	0.0013	0.0918	-	241,893	99,221	341,114
20	FT-2	Jan 2006	4856	EXXON MOBIL CORPORATION	-	3,100,000	289,178	2.7507	0.0013	0.0918	-	284,580	26,547	311,127
21	FT-2	Feb 2006	4856	EXXON MOBIL CORPORATION	-	2,800,000	93,794	2.7507	0.0013	0.0918	-	257,040	8,610	265,650
22	FT-2	Mar 2006	4856	EXXON MOBIL CORPORATION	-	3,100,000	5,527	2.7507	0.0013	0.0918	-	284,580	507	285,087
23	FT-2	Apr 2006	4856	EXXON MOBIL CORPORATION	-	2,460,000	322,442	2.7507	0.0013	0.0918	-	225,828	29,600	255,428
24	FT-2	May 2006	4856	EXXON MOBIL CORPORATION	-	2,542,000	267,687	2.7507	0.0013	0.0918	-	233,355	24,574	257,929
25	FT-2	Jun 2006	4856	EXXON MOBIL CORPORATION	-	2,460,000	170,390	2.7507	0.0013	0.0918	-	225,828	15,642	241,470
26	FT-2			TOTAL	-	32,673,561	5,417,791				\$ -	\$ 3,110,599	\$ 530,956	\$ 3,641,555
27	FT-2			TOTAL FT-2	-	37,782,461	14,897,385				\$ -	\$ 3,601,832	\$ 1,434,605	\$ 5,036,437
28				TOTAL FIRM (FT-1 and FT-2)	1,000,000	41,998,531	17,504,909				\$ 2,582,109	\$ 3,607,324	\$ 1,434,605	\$ 7,853,806

High Island Offshore System, L.L.C.
Base Period Transportation Revenues
For the Twelve Months Ended June 30, 2006, Actual

Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	Jul 2005	4697	ADAMS RESOURCES MKTG	28,304			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 2,762			\$ 2,762
2	IT	Aug 2005	4697	ADAMS RESOURCES MKTG	49,798			0.0918	0.0367	0.0918	4,571			4,571
3	IT	Sep 2005	4697	ADAMS RESOURCES MKTG	15,513			0.0918	0.0367	0.0918	1,424			1,424
4	IT	Oct 2005	4697	ADAMS RESOURCES MKTG	9,512			0.0918	0.0367	0.0918	873			873
5	IT	Nov 2005	4697	ADAMS RESOURCES MKTG	26,925			0.0918	0.0367	0.0918	2,472			2,472
6	IT	Dec 2005	4697	ADAMS RESOURCES MKTG	27,080			0.0918	0.0367	0.0918	2,486			2,486
7	IT	Jan 2006	4697	ADAMS RESOURCES MKTG	25,435			0.0918	0.0367	0.0918	2,335			2,335
8	IT	Feb 2006	4697	ADAMS RESOURCES MKTG	19,889			0.0918	0.0367	0.0918	1,826			1,826
9	IT	Mar 2006	4697	ADAMS RESOURCES MKTG	22,308			0.0918	0.0367	0.0918	2,048			2,048
10	IT	Apr 2006	4697	ADAMS RESOURCES MKTG	21,154			0.0918	0.0367	0.0918	1,942			1,942
11	IT	May 2006	4697	ADAMS RESOURCES MKTG	22,752			0.0918	0.0367	0.0918	2,089			2,089
12	IT	Jun 2006	4697	ADAMS RESOURCES MKTG	21,122			0.0918	0.0367	0.0918	1,939			1,939
13	IT			TOTAL	289,792						\$ 26,767			\$ 26,767
14	IT	Jul 2005	6005	APACHE CORP	778,350			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 75,408			\$ 75,408
15	IT	Aug 2005	6005	APACHE CORP	863,207			0.0918	0.0367	0.0918	79,242			79,242
16	IT	Sep 2005	6005	APACHE CORP	637,263			0.0918	0.0367	0.0918	58,501			58,501
17	IT	Oct 2005	6005	APACHE CORP	254,144			0.0918	0.0367	0.0918	23,330			23,330
18	IT	Nov 2005	6005	APACHE CORP	1,042,467			0.0918	0.0367	0.0918	95,699			95,699
19	IT	Dec 2005	6005	APACHE CORP	996,081			0.0918	0.0367	0.0918	91,440			91,440
20	IT	Jan 2006	6005	APACHE CORP	871,132			0.0918	0.0367	0.0918	79,970			79,970
21	IT	Feb 2006	6005	APACHE CORP	638,672			0.0918	0.0367	0.0918	58,630			58,630
22	IT	Mar 2006	6005	APACHE CORP	409,706			0.0918	0.0367	0.0918	37,611			37,611
23	IT	Apr 2006	6005	APACHE CORP	295,023			0.0918	0.0367	0.0918	27,083			27,083
24	IT	May 2006	6005	APACHE CORP	601,672			0.0918	0.0367	0.0918	55,233			55,233
25	IT	Jun 2006	6005	APACHE CORP	498,395			0.0918	0.0367	0.0918	45,753			45,753
26	IT			TOTAL	7,886,112						\$ 727,900			\$ 727,900
27	IT	Jul 2005	6719	ARENA ENERGY LLC (TRIUMPH ENERGY) 1/	29,497			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 2,894			\$ 2,894
28	IT	Aug 2005	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	62,734			0.0918	0.0367	0.0918	5,759			5,759
29	IT	Sep 2005	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	48,672			0.0918	0.0367	0.0918	4,468			4,468
30	IT	Oct 2005	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	20,736			0.0918	0.0367	0.0918	1,904			1,904
31	IT	Nov 2005	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	-			0.0918	0.0367	0.0918	-			-
32	IT	Dec 2005	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	77,909			0.0918	0.0367	0.0918	7,152			7,152
33	IT	Jan 2006	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	134,459			0.0918	0.0367	0.0918	12,343			12,343
34	IT	Feb 2006	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	179,639			0.0918	0.0367	0.0918	16,491			16,491
35	IT	Mar 2006	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	125,691			0.0918	0.0367	0.0918	11,538			11,538
36	IT	Apr 2006	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	136,786			0.0918	0.0367	0.0918	12,557			12,557
37	IT	May 2006	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	132,276			0.0918	0.0367	0.0918	12,143			12,143
38	IT	Jun 2006	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	60,164			0.0918	0.0367	0.0918	5,523			5,523
39	IT			TOTAL	1,008,563						\$ 92,772			\$ 92,772

1/ Formerly Triumph Energy LLC. Name change effective January 2006.

High Island Offshore System, L.L.C.
Base Period Transportation Revenues
For the Twelve Months Ended June 30, 2006, Actual

Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	Jul 2005	4677	BP ENERGY COMPANY	328,774			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 32,464			\$ 32,464
2	IT	Aug 2005	4677	BP ENERGY COMPANY	325,541			0.0918	0.0367	0.0918	29,885			29,885
3	IT	Sep 2005	4677	BP ENERGY COMPANY	188,359			0.0918	0.0367	0.0918	17,291			17,291
4	IT	Oct 2005	4677	BP ENERGY COMPANY	76,232			0.0918	0.0367	0.0918	6,998			6,998
5	IT	Nov 2005	4677	BP ENERGY COMPANY	250,728			0.0918	0.0367	0.0918	23,017			23,017
6	IT	Dec 2005	4677	BP ENERGY COMPANY	226,319			0.0918	0.0367	0.0918	20,776			20,776
7	IT	Jan 2006	4677	BP ENERGY COMPANY	229,127			0.0918	0.0367	0.0918	21,034			21,034
8	IT	Feb 2006	4677	BP ENERGY COMPANY	154,732			0.0918	0.0367	0.0918	14,204			14,204
9	IT	Mar 2006	4677	BP ENERGY COMPANY	186,528			0.0918	0.0367	0.0918	17,123			17,123
10	IT	Apr 2006	4677	BP ENERGY COMPANY	166,435			0.0918	0.0367	0.0918	15,279			15,279
11	IT	May 2006	4677	BP ENERGY COMPANY	186,163			0.0918	0.0367	0.0918	17,090			17,090
12	IT	Jun 2006	4677	BP ENERGY COMPANY	171,632			0.0918	0.0367	0.0918	15,756			15,756
13	IT			TOTAL	2,490,570						\$ 230,917			\$ 230,917
14	IT	Jul 2005	4719	BP ENERGY COMPANY	-	6,104		\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ -	\$ 233		\$ 233
15	IT	Aug 2005	4719	BP ENERGY COMPANY	-	5,395		0.0918	0.0367	0.0918	-	198		198
16	IT	Sep 2005	4719	BP ENERGY COMPANY	28,530	3,249		0.0918	0.0367	0.0918	2,619	119		2,738
17	IT	Oct 2005	4719	BP ENERGY COMPANY	16,670	5,922		0.0918	0.0367	0.0918	1,530	217		1,747
18	IT	Nov 2005	4719	BP ENERGY COMPANY	696,781	44,091		0.0918	0.0367	0.0918	63,965	1,618		65,583
19	IT	Dec 2005	4719	BP ENERGY COMPANY	632,616	42,150		0.0918	0.0367	0.0918	58,074	1,547		59,621
20	IT	Jan 2006	4719	BP ENERGY COMPANY	547,235	51,128		0.0918	0.0367	0.0918	50,236	1,876		52,112
21	IT	Feb 2006	4719	BP ENERGY COMPANY	-			0.0918	0.0367	0.0918	-			-
22	IT	Mar 2006	4719	BP ENERGY COMPANY	-			0.0918	0.0367	0.0918	-			-
23	IT	Apr 2006	4719	BP ENERGY COMPANY	-			0.0918	0.0367	0.0918	-			-
24	IT	May 2006	4719	BP ENERGY COMPANY	-			0.0918	0.0367	0.0918	-			-
25	IT	Jun 2006	4719	BP ENERGY COMPANY	-			0.0918	0.0367	0.0918	-			-
26	IT			TOTAL	1,921,832	158,039					\$ 176,424	\$ 5,808		\$ 182,232
27	IT	Jul 2005	6006	BP ENERGY COMPANY	759,001			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 73,613			\$ 73,613
28	IT	Aug 2005	6006	BP ENERGY COMPANY	701,456			0.0918	0.0367	0.0918	64,394			64,394
29	IT	Sep 2005	6006	BP ENERGY COMPANY	454,068	2,940		0.0918	0.0367	0.0918	41,683	108		41,791
30	IT	Oct 2005	6006	BP ENERGY COMPANY	186,367	18,212		0.0918	0.0367	0.0918	17,108	668		17,776
31	IT	Nov 2005	6006	BP ENERGY COMPANY	-			0.0918	0.0367	0.0918	-			-
32	IT	Dec 2005	6006	BP ENERGY COMPANY	-			0.0918	0.0367	0.0918	-			-
33	IT	Jan 2006	6006	BP ENERGY COMPANY	-			0.0918	0.0367	0.0918	-			-
34	IT	Feb 2006	6006	BP ENERGY COMPANY	-			0.0918	0.0367	0.0918	-			-
35	IT	Mar 2006	6006	BP ENERGY COMPANY	-			0.0918	0.0367	0.0918	-			-
36	IT	Apr 2006	6006	BP ENERGY COMPANY	-			0.0918	0.0367	0.0918	-			-
37	IT	May 2006	6006	BP ENERGY COMPANY	-			0.0918	0.0367	0.0918	-			-
38	IT	Jun 2006	6006	BP ENERGY COMPANY	-			0.0918	0.0367	0.0918	-			-
39	IT			TOTAL	2,100,892	21,152					\$ 196,798	\$ 776		\$ 197,574

High Island Offshore System, L.L.C.
Base Period Transportation Revenues
For the Twelve Months Ended June 30, 2006, Actual

Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	Jul 2005	4681	CHEVRON USA INC	1,209,898			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 119,547			\$ 119,547
2	IT	Aug 2005	4681	CHEVRON USA INC	1,162,155			0.0918	0.0367	0.0918	106,686			106,686
3	IT	Sep 2005	4681	CHEVRON USA INC	770,907			0.0918	0.0367	0.0918	70,769			70,769
4	IT	Oct 2005	4681	CHEVRON USA INC	393,298			0.0918	0.0367	0.0918	36,105			36,105
5	IT	Nov 2005	4681	CHEVRON USA INC	2,020,548			0.0918	0.0367	0.0918	185,486			185,486
6	IT	Dec 2005	4681	CHEVRON USA INC	1,722,679			0.0918	0.0367	0.0918	158,142			158,142
7	IT	Jan 2006	4681	CHEVRON USA INC	1,696,634			0.0918	0.0367	0.0918	155,751			155,751
8	IT	Feb 2006	4681	CHEVRON USA INC	1,388,864			0.0918	0.0367	0.0918	127,498			127,498
9	IT	Mar 2006	4681	CHEVRON USA INC	1,466,935			0.0918	0.0367	0.0918	134,665			134,665
10	IT	Apr 2006	4681	CHEVRON USA INC	1,343,054	22,029		0.0918	0.0367	0.0918	123,292	808		124,100
11	IT	May 2006	4681	CHEVRON USA INC	1,349,177	21,865		0.0918	0.0367	0.0918	123,854	802		124,656
12	IT	Jun 2006	4681	CHEVRON USA INC	1,172,850	6,528		0.0918	0.0367	0.0918	107,668	240		107,908
13	IT			TOTAL	15,696,999	50,422					\$ 1,449,463	\$ 1,850		\$ 1,451,313
14	IT	Jul 2005	5463	CIMA ENERGY LLC	3,880			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 386			\$ 386
15	IT	Aug 2005	5463	CIMA ENERGY LLC	4,641			0.0918	0.0367	0.0918	426			426
16	IT	Sep 2005	5463	CIMA ENERGY LLC	4,735			0.0918	0.0367	0.0918	435			435
17	IT	Oct 2005	5463	CIMA ENERGY LLC	902			0.0918	0.0367	0.0918	83			83
18	IT	Nov 2005	5463	CIMA ENERGY LLC	-			0.0918	0.0367	0.0918	-			-
19	IT	Dec 2005	5463	CIMA ENERGY LLC	-			0.0918	0.0367	0.0918	-			-
20	IT	Jan 2006	5463	CIMA ENERGY LLC	-			0.0918	0.0367	0.0918	-			-
21	IT	Feb 2006	5463	CIMA ENERGY LLC	-			0.0918	0.0367	0.0918	-			-
22	IT	Mar 2006	5463	CIMA ENERGY LLC	-			0.0918	0.0367	0.0918	-			-
23	IT	Apr 2006	5463	CIMA ENERGY LLC	-			0.0918	0.0367	0.0918	-			-
24	IT	May 2006	5463	CIMA ENERGY LLC	-			0.0918	0.0367	0.0918	-			-
25	IT	Jun 2006	5463	CIMA ENERGY LLC	-			0.0918	0.0367	0.0918	-			-
26	IT			TOTAL	14,158						\$ 1,330			\$ 1,330
27	IT	Jul 2005	4693	CINERGY MARKETING & TRADING LP	60,543			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 5,910			\$ 5,910
28	IT	Aug 2005	4693	CINERGY MARKETING & TRADING LP	53,036			0.0918	0.0367	0.0918	4,869			4,869
29	IT	Sep 2005	4693	CINERGY MARKETING & TRADING LP	40,961			0.0918	0.0367	0.0918	3,760			3,760
30	IT	Oct 2005	4693	CINERGY MARKETING & TRADING LP	32,389			0.0918	0.0367	0.0918	2,973			2,973
31	IT	Nov 2005	4693	CINERGY MARKETING & TRADING LP	55,321			0.0918	0.0367	0.0918	5,078			5,078
32	IT	Dec 2005	4693	CINERGY MARKETING & TRADING LP	105,491			0.0918	0.0367	0.0918	9,684			9,684
33	IT	Jan 2006	4693	CINERGY MARKETING & TRADING LP	142,251			0.0918	0.0367	0.0918	13,058			13,058
34	IT	Feb 2006	4693	CINERGY MARKETING & TRADING LP	125,830			0.0918	0.0367	0.0918	11,551			11,551
35	IT	Mar 2006	4693	CINERGY MARKETING & TRADING LP	60,478			0.0918	0.0367	0.0918	5,552			5,552
36	IT	Apr 2006	4693	CINERGY MARKETING & TRADING LP	64,505			0.0918	0.0367	0.0918	5,922			5,922
37	IT	May 2006	4693	CINERGY MARKETING & TRADING LP	56,633			0.0918	0.0367	0.0918	5,199			5,199
38	IT	Jun 2006	4693	CINERGY MARKETING & TRADING LP	48,584			0.0918	0.0367	0.0918	4,460			4,460
39	IT			TOTAL	846,022						\$ 78,016			\$ 78,016

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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	Jul 2005	6033	CINERGY MARKETING & TRADING LP	76,960			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 7,660			\$ 7,660
2	IT	Aug 2005	6033	CINERGY MARKETING & TRADING LP	56,507			0.0918	0.0367	0.0918	5,187			5,187
3	IT	Sep 2005	6033	CINERGY MARKETING & TRADING LP	27,735			0.0918	0.0367	0.0918	2,546			2,546
4	IT	Oct 2005	6033	CINERGY MARKETING & TRADING LP	20,640			0.0918	0.0367	0.0918	1,895			1,895
5	IT	Nov 2005	6033	CINERGY MARKETING & TRADING LP	73,484			0.0918	0.0367	0.0918	6,746			6,746
6	IT	Dec 2005	6033	CINERGY MARKETING & TRADING LP	74,643			0.0918	0.0367	0.0918	6,852			6,852
7	IT	Jan 2006	6033	CINERGY MARKETING & TRADING LP	58,558			0.0918	0.0367	0.0918	5,376			5,376
8	IT	Feb 2006	6033	CINERGY MARKETING & TRADING LP	53,848			0.0918	0.0367	0.0918	4,943			4,943
9	IT	Mar 2006	6033	CINERGY MARKETING & TRADING LP	63,323			0.0918	0.0367	0.0918	5,813			5,813
10	IT	Apr 2006	6033	CINERGY MARKETING & TRADING LP	51,436			0.0918	0.0367	0.0918	4,722			4,722
11	IT	May 2006	6033	CINERGY MARKETING & TRADING LP	31,359			0.0918	0.0367	0.0918	2,879			2,879
12	IT	Jun 2006	6033	CINERGY MARKETING & TRADING LP	38,303			0.0918	0.0367	0.0918	3,516			3,516
13	IT			TOTAL	626,796						\$ 58,135			\$ 58,135
14	IT	Jul 2005	5688	COKINOS NATURAL GAS COMPANY	157,070			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 15,326			\$ 15,326
15	IT	Aug 2005	5688	COKINOS NATURAL GAS COMPANY	132,299			0.0918	0.0367	0.0918	12,145			12,145
16	IT	Sep 2005	5688	COKINOS NATURAL GAS COMPANY	89,502			0.0918	0.0367	0.0918	8,216			8,216
17	IT	Oct 2005	5688	COKINOS NATURAL GAS COMPANY	8,600			0.0918	0.0367	0.0918	789			789
18	IT	Nov 2005	5688	COKINOS NATURAL GAS COMPANY	79,799			0.0918	0.0367	0.0918	7,326			7,326
19	IT	Dec 2005	5688	COKINOS NATURAL GAS COMPANY	123,372			0.0918	0.0367	0.0918	11,326			11,326
20	IT	Jan 2006	5688	COKINOS NATURAL GAS COMPANY	111,318			0.0918	0.0367	0.0918	10,219			10,219
21	IT	Feb 2006	5688	COKINOS NATURAL GAS COMPANY	91,812			0.0918	0.0367	0.0918	8,428			8,428
22	IT	Mar 2006	5688	COKINOS NATURAL GAS COMPANY	87,822			0.0918	0.0367	0.0918	8,062			8,062
23	IT	Apr 2006	5688	COKINOS NATURAL GAS COMPANY	75,172			0.0918	0.0367	0.0918	6,901			6,901
24	IT	May 2006	5688	COKINOS NATURAL GAS COMPANY	71,091			0.0918	0.0367	0.0918	6,526			6,526
25	IT	Jun 2006	5688	COKINOS NATURAL GAS COMPANY	48,106			0.0918	0.0367	0.0918	4,416			4,416
26	IT			TOTAL	1,075,963						\$ 99,680			\$ 99,680
27	IT	Jul 2005	6892	DELTA ENERGY LLC	22,487			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 2,284			\$ 2,284
28	IT	Aug 2005	6892	DELTA ENERGY LLC	7,064			0.0918	0.0367	0.0918	648			648
29	IT	Sep 2005	6892	DELTA ENERGY LLC	19,732			0.0918	0.0367	0.0918	1,811			1,811
30	IT	Oct 2005	6892	DELTA ENERGY LLC	107,454			0.0918	0.0367	0.0918	9,864			9,864
31	IT	Nov 2005	6892	DELTA ENERGY LLC	433,493			0.0918	0.0367	0.0918	39,795			39,795
32	IT	Dec 2005	6892	DELTA ENERGY LLC	348,121			0.0918	0.0367	0.0918	31,958			31,958
33	IT	Jan 2006	6892	DELTA ENERGY LLC	266,372			0.0918	0.0367	0.0918	24,453			24,453
34	IT	Feb 2006	6892	DELTA ENERGY LLC	196,906			0.0918	0.0367	0.0918	18,076			18,076
35	IT	Mar 2006	6892	DELTA ENERGY LLC	200,915			0.0918	0.0367	0.0918	18,444			18,444
36	IT	Apr 2006	6892	DELTA ENERGY LLC	75,303			0.0918	0.0367	0.0918	6,913			6,913
37	IT	May 2006	6892	DELTA ENERGY LLC	41,884			0.0918	0.0367	0.0918	3,845			3,845
38	IT	Jun 2006	6892	DELTA ENERGY LLC	278,307			0.0918	0.0367	0.0918	25,549			25,549
39	IT			TOTAL	1,998,038						\$ 183,640			\$ 183,640

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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	Jul 2005	4883	DEVON ENERGY PRODUCTION CO LP	585,460			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 57,790			\$ 57,790
2	IT	Aug 2005	4883	DEVON ENERGY PRODUCTION CO LP	707,188			0.0918	0.0367	0.0918	64,920			64,920
3	IT	Sep 2005	4883	DEVON ENERGY PRODUCTION CO LP	474,305			0.0918	0.0367	0.0918	43,541			43,541
4	IT	Oct 2005	4883	DEVON ENERGY PRODUCTION CO LP	229,546			0.0918	0.0367	0.0918	21,072			21,072
5	IT	Nov 2005	4883	DEVON ENERGY PRODUCTION CO LP	692,105			0.0918	0.0367	0.0918	63,535			63,535
6	IT	Dec 2005	4883	DEVON ENERGY PRODUCTION CO LP	674,411			0.0918	0.0367	0.0918	61,911			61,911
7	IT	Jan 2006	4883	DEVON ENERGY PRODUCTION CO LP	684,408			0.0918	0.0367	0.0918	62,828			62,828
8	IT	Feb 2006	4883	DEVON ENERGY PRODUCTION CO LP	600,510			0.0918	0.0367	0.0918	55,127			55,127
9	IT	Mar 2006	4883	DEVON ENERGY PRODUCTION CO LP	655,859			0.0918	0.0367	0.0918	60,208			60,208
10	IT	Apr 2006	4883	DEVON ENERGY PRODUCTION CO LP	598,964			0.0918	0.0367	0.0918	54,985			54,985
11	IT	May 2006	4883	DEVON ENERGY PRODUCTION CO LP	583,907			0.0918	0.0367	0.0918	53,603			53,603
12	IT	Jun 2006	4883	DEVON ENERGY PRODUCTION CO LP	483,930			0.0918	0.0367	0.0918	44,425			44,425
13	IT			TOTAL	6,970,593						\$ 643,945			\$ 643,945
14	IT	Jul 2005	6388	DEVON LOUISIANA CORPORATION	19,012			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 1,876			\$ 1,876
15	IT	Aug 2005	6388	DEVON LOUISIANA CORPORATION	13,666			0.0918	0.0367	0.0918	1,254			1,254
16	IT	Sep 2005	6388	DEVON LOUISIANA CORPORATION	12,566			0.0918	0.0367	0.0918	1,154			1,154
17	IT	Oct 2005	6388	DEVON LOUISIANA CORPORATION	757			0.0918	0.0367	0.0918	69			69
18	IT	Nov 2005	6388	DEVON LOUISIANA CORPORATION	16,478			0.0918	0.0367	0.0918	1,513			1,513
19	IT	Dec 2005	6388	DEVON LOUISIANA CORPORATION	-			0.0918	0.0367	0.0918	-			-
20	IT	Jan 2006	6388	DEVON LOUISIANA CORPORATION	-			0.0918	0.0367	0.0918	-			-
21	IT	Feb 2006	6388	DEVON LOUISIANA CORPORATION	-			0.0918	0.0367	0.0918	-			-
22	IT	Mar 2006	6388	DEVON LOUISIANA CORPORATION	-			0.0918	0.0367	0.0918	-			-
23	IT	Apr 2006	6388	DEVON LOUISIANA CORPORATION	-			0.0918	0.0367	0.0918	-			-
24	IT	May 2006	6388	DEVON LOUISIANA CORPORATION	-			0.0918	0.0367	0.0918	-			-
25	IT	Jun 2006	6388	DEVON LOUISIANA CORPORATION	-			0.0918	0.0367	0.0918	-			-
26	IT			TOTAL	62,479						\$ 5,866			\$ 5,866
27	IT	Jul 2005	4674	DOMINION EXPLORATION & PRODUCTION INC	-			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ -			\$ -
28	IT	Aug 2005	4674	DOMINION EXPLORATION & PRODUCTION INC	-			0.0918	0.0367	0.0918	-			-
29	IT	Sep 2005	4674	DOMINION EXPLORATION & PRODUCTION INC	-			0.0918	0.0367	0.0918	-			-
30	IT	Oct 2005	4674	DOMINION EXPLORATION & PRODUCTION INC	-			0.0918	0.0367	0.0918	-			-
31	IT	Nov 2005	4674	DOMINION EXPLORATION & PRODUCTION INC	106,170			0.0918	0.0367	0.0918	9,746			9,746
32	IT	Dec 2005	4674	DOMINION EXPLORATION & PRODUCTION INC	161,022			0.0918	0.0367	0.0918	14,782			14,782
33	IT	Jan 2006	4674	DOMINION EXPLORATION & PRODUCTION INC	177,477			0.0918	0.0367	0.0918	16,292			16,292
34	IT	Feb 2006	4674	DOMINION EXPLORATION & PRODUCTION INC	121,315			0.0918	0.0367	0.0918	11,137			11,137
35	IT	Mar 2006	4674	DOMINION EXPLORATION & PRODUCTION INC	-			0.0918	0.0367	0.0918	-			-
36	IT	Apr 2006	4674	DOMINION EXPLORATION & PRODUCTION INC	-			0.0918	0.0367	0.0918	-			-
37	IT	May 2006	4674	DOMINION EXPLORATION & PRODUCTION INC	-			0.0918	0.0367	0.0918	-			-
38	IT	Jun 2006	4674	DOMINION EXPLORATION & PRODUCTION INC	-			0.0918	0.0367	0.0918	-			-
39	IT			TOTAL	565,984						\$ 51,957			\$ 51,957

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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	Jul 2005	4679	EL PASO E&P COMPANY LP	19,480			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 1,914			\$ 1,914
2	IT	Aug 2005	4679	EL PASO E&P COMPANY LP	20,241			0.0918	0.0367	0.0918	1,858			1,858
3	IT	Sep 2005	4679	EL PASO E&P COMPANY LP	14,220			0.0918	0.0367	0.0918	1,305			1,305
4	IT	Oct 2005	4679	EL PASO E&P COMPANY LP	17			0.0918	0.0367	0.0918	2			2
5	IT	Nov 2005	4679	EL PASO E&P COMPANY LP	30			0.0918	0.0367	0.0918	3			3
6	IT	Dec 2005	4679	EL PASO E&P COMPANY LP	31			0.0918	0.0367	0.0918	3			3
7	IT	Jan 2006	4679	EL PASO E&P COMPANY LP	-			0.0918	0.0367	0.0918	-			-
8	IT	Feb 2006	4679	EL PASO E&P COMPANY LP	-			0.0918	0.0367	0.0918	-			-
9	IT	Mar 2006	4679	EL PASO E&P COMPANY LP	-			0.0918	0.0367	0.0918	-			-
10	IT	Apr 2006	4679	EL PASO E&P COMPANY LP	-			0.0918	0.0367	0.0918	-			-
11	IT	May 2006	4679	EL PASO E&P COMPANY LP	-			0.0918	0.0367	0.0918	-			-
12	IT	Jun 2006	4679	EL PASO E&P COMPANY LP	-			0.0918	0.0367	0.0918	-			-
13	IT			TOTAL	54,019						\$ 5,085			\$ 5,085
14	IT	Jul 2005	5622	EL PASO PRODUCTION OIL & GAS COMPANY	795,187			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 77,735			\$ 77,735
15	IT	Aug 2005	5622	EL PASO PRODUCTION OIL & GAS COMPANY	714,036			0.0918	0.0367	0.0918	65,548			65,548
16	IT	Sep 2005	5622	EL PASO PRODUCTION OIL & GAS COMPANY	410,541			0.0918	0.0367	0.0918	37,688			37,688
17	IT	Oct 2005	5622	EL PASO PRODUCTION OIL & GAS COMPANY	84,276			0.0918	0.0367	0.0918	7,737			7,737
18	IT	Nov 2005	5622	EL PASO PRODUCTION OIL & GAS COMPANY	627,412			0.0918	0.0367	0.0918	57,596			57,596
19	IT	Dec 2005	5622	EL PASO PRODUCTION OIL & GAS COMPANY	703,665			0.0918	0.0367	0.0918	64,596			64,596
20	IT	Jan 2006	5622	EL PASO PRODUCTION OIL & GAS COMPANY	662,867			0.0918	0.0367	0.0918	60,851			60,851
21	IT	Feb 2006	5622	EL PASO PRODUCTION OIL & GAS COMPANY	632,826			0.0918	0.0367	0.0918	58,093			58,093
22	IT	Mar 2006	5622	EL PASO PRODUCTION OIL & GAS COMPANY	688,622			0.0918	0.0367	0.0918	63,215			63,215
23	IT	Apr 2006	5622	EL PASO PRODUCTION OIL & GAS COMPANY	526,837			0.0918	0.0367	0.0918	48,364			48,364
24	IT	May 2006	5622	EL PASO PRODUCTION OIL & GAS COMPANY	595,859			0.0918	0.0367	0.0918	54,700			54,700
25	IT	Jun 2006	5622	EL PASO PRODUCTION OIL & GAS COMPANY	559,224			0.0918	0.0367	0.0918	51,337			51,337
26	IT			TOTAL	7,001,352						\$ 647,460			\$ 647,460
27	IT	Jul 2005	5402	HUNT CHIEFTAIN DEVELOPMENT LP	133,479			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 12,927			\$ 12,927
28	IT	Aug 2005	5402	HUNT CHIEFTAIN DEVELOPMENT LP	78,639			0.0918	0.0367	0.0918	7,219			7,219
29	IT	Sep 2005	5402	HUNT CHIEFTAIN DEVELOPMENT LP	70,384			0.0918	0.0367	0.0918	6,461			6,461
30	IT	Oct 2005	5402	HUNT CHIEFTAIN DEVELOPMENT LP	31,731			0.0918	0.0367	0.0918	2,913			2,913
31	IT	Nov 2005	5402	HUNT CHIEFTAIN DEVELOPMENT LP	65,971			0.0918	0.0367	0.0918	6,056			6,056
32	IT	Dec 2005	5402	HUNT CHIEFTAIN DEVELOPMENT LP	103,701			0.0918	0.0367	0.0918	9,520			9,520
33	IT	Jan 2006	5402	HUNT CHIEFTAIN DEVELOPMENT LP	67,577			0.0918	0.0367	0.0918	6,204			6,204
34	IT	Feb 2006	5402	HUNT CHIEFTAIN DEVELOPMENT LP	58,030			0.0918	0.0367	0.0918	5,327			5,327
35	IT	Mar 2006	5402	HUNT CHIEFTAIN DEVELOPMENT LP	79,606			0.0918	0.0367	0.0918	7,308			7,308
36	IT	Apr 2006	5402	HUNT CHIEFTAIN DEVELOPMENT LP	98,892			0.0918	0.0367	0.0918	9,078			9,078
37	IT	May 2006	5402	HUNT CHIEFTAIN DEVELOPMENT LP	60,362			0.0918	0.0367	0.0918	5,541			5,541
38	IT	Jun 2006	5402	HUNT CHIEFTAIN DEVELOPMENT LP	54,567			0.0918	0.0367	0.0918	5,009			5,009
39	IT			TOTAL	902,939						\$ 83,563			\$ 83,563

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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	Jul 2005	6275	HUNT PETROLEUM AEC INC	41,625			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 4,080			\$ 4,080
2	IT	Aug 2005	6275	HUNT PETROLEUM AEC INC	39,844			0.0918	0.0367	0.0918	3,658			3,658
3	IT	Sep 2005	6275	HUNT PETROLEUM AEC INC	21,075			0.0918	0.0367	0.0918	1,935			1,935
4	IT	Oct 2005	6275	HUNT PETROLEUM AEC INC	17,830			0.0918	0.0367	0.0918	1,637			1,637
5	IT	Nov 2005	6275	HUNT PETROLEUM AEC INC	33,731			0.0918	0.0367	0.0918	3,096			3,096
6	IT	Dec 2005	6275	HUNT PETROLEUM AEC INC	32,440			0.0918	0.0367	0.0918	2,978			2,978
7	IT	Jan 2006	6275	HUNT PETROLEUM AEC INC	33,100			0.0918	0.0367	0.0918	3,039			3,039
8	IT	Feb 2006	6275	HUNT PETROLEUM AEC INC	28,182			0.0918	0.0367	0.0918	2,587			2,587
9	IT	Mar 2006	6275	HUNT PETROLEUM AEC INC	31,854			0.0918	0.0367	0.0918	2,924			2,924
10	IT	Apr 2006	6275	HUNT PETROLEUM AEC INC	25,294			0.0918	0.0367	0.0918	2,322			2,322
11	IT	May 2006	6275	HUNT PETROLEUM AEC INC	25,154			0.0918	0.0367	0.0918	2,309			2,309
12	IT	Jun 2006	6275	HUNT PETROLEUM AEC INC	26,743			0.0918	0.0367	0.0918	2,455			2,455
13	IT			TOTAL	356,872						\$ 33,020			\$ 33,020
14	IT	Jul 2005	6275	HUNT PETROLEUM AEC INC	301,891			\$ 0.1244	\$ 0.0367	\$ 0.1244	\$ 37,555			\$ 37,555
15	IT	Aug 2005	6275	HUNT PETROLEUM AEC INC	271,744			0.1244	0.0367	0.1244	33,805			33,805
16	IT	Sep 2005	6275	HUNT PETROLEUM AEC INC	232,514			0.1244	0.0367	0.1244	28,925			28,925
17	IT	Oct 2005	6275	HUNT PETROLEUM AEC INC	152,511			0.1244	0.0367	0.1244	18,972			18,972
18	IT	Nov 2005	6275	HUNT PETROLEUM AEC INC	283,774			0.1244	0.0367	0.1244	35,302			35,302
19	IT	Dec 2005	6275	HUNT PETROLEUM AEC INC	223,178			0.1244	0.0367	0.1244	27,763			27,763
20	IT	Jan 2006	6275	HUNT PETROLEUM AEC INC	189,549			0.1244	0.0367	0.1244	23,580			23,580
21	IT	Feb 2006	6275	HUNT PETROLEUM AEC INC	130,426			0.1244	0.0367	0.1244	16,225			16,225
22	IT	Mar 2006	6275	HUNT PETROLEUM AEC INC	132,156			0.1244	0.0367	0.1244	16,440			16,440
23	IT	Apr 2006	6275	HUNT PETROLEUM AEC INC	83,467			0.1244	0.0367	0.1244	10,383			10,383
24	IT	May 2006	6275	HUNT PETROLEUM AEC INC	74,538			0.1244	0.0367	0.1244	9,273			9,273
25	IT	Jun 2006	6275	HUNT PETROLEUM AEC INC	61,915			0.1244	0.0367	0.1244	7,702			7,702
26	IT			TOTAL	2,137,663						\$ 265,925			\$ 265,925
27	IT	Jul 2005	6870	HUNT PETROLEUM CORPORATION	240,408			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 23,564			\$ 23,564
28	IT	Aug 2005	6870	HUNT PETROLEUM CORPORATION	197,772			0.0918	0.0367	0.0918	18,155			18,155
29	IT	Sep 2005	6870	HUNT PETROLEUM CORPORATION	152,534			0.0918	0.0367	0.0918	14,003			14,003
30	IT	Oct 2005	6870	HUNT PETROLEUM CORPORATION	126,190			0.0918	0.0367	0.0918	11,584			11,584
31	IT	Nov 2005	6870	HUNT PETROLEUM CORPORATION	224,811			0.0918	0.0367	0.0918	20,638			20,638
32	IT	Dec 2005	6870	HUNT PETROLEUM CORPORATION	210,173			0.0918	0.0367	0.0918	19,294			19,294
33	IT	Jan 2006	6870	HUNT PETROLEUM CORPORATION	185,220			0.0918	0.0367	0.0918	17,003			17,003
34	IT	Feb 2006	6870	HUNT PETROLEUM CORPORATION	178,000			0.0918	0.0367	0.0918	16,340			16,340
35	IT	Mar 2006	6870	HUNT PETROLEUM CORPORATION	200,630			0.0918	0.0367	0.0918	18,418			18,418
36	IT	Apr 2006	6870	HUNT PETROLEUM CORPORATION	182,797			0.0918	0.0367	0.0918	16,781			16,781
37	IT	May 2006	6870	HUNT PETROLEUM CORPORATION	130,090			0.0918	0.0367	0.0918	11,942			11,942
38	IT	Jun 2006	6870	HUNT PETROLEUM CORPORATION	153,985			0.0918	0.0367	0.0918	14,136			14,136
39	IT			TOTAL	2,182,610						\$ 201,858			\$ 201,858

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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	Jul 2005	4895	KERR MCGEE CORP	-			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ -			\$ -
2	IT	Aug 2005	4895	KERR MCGEE CORP	365,430			0.0918	0.0367	0.0918	33,547			33,547
3	IT	Sep 2005	4895	KERR MCGEE CORP	-			0.0918	0.0367	0.0918	-			-
4	IT	Oct 2005	4895	KERR MCGEE CORP	-			0.0918	0.0367	0.0918	-			-
5	IT	Nov 2005	4895	KERR MCGEE CORP	-			0.0918	0.0367	0.0918	-			-
6	IT	Dec 2005	4895	KERR MCGEE CORP	40,198			0.0918	0.0367	0.0918	3,690			3,690
7	IT	Jan 2006	4895	KERR MCGEE CORP	-			0.0918	0.0367	0.0918	-			-
8	IT	Feb 2006	4895	KERR MCGEE CORP	-			0.0918	0.0367	0.0918	-			-
9	IT	Mar 2006	4895	KERR MCGEE CORP	-			0.0918	0.0367	0.0918	-			-
10	IT	Apr 2006	4895	KERR MCGEE CORP	-			0.0918	0.0367	0.0918	-			-
11	IT	May 2006	4895	KERR MCGEE CORP	-			0.0918	0.0367	0.0918	-			-
12	IT	Jun 2006	4895	KERR MCGEE CORP	-			0.0918	0.0367	0.0918	-			-
13	IT			TOTAL	405,628						\$ 37,237			\$ 37,237
14	IT	Jul 2005	7044	LLOG EXPLORATION OFFSHORE INC	25,319			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 2,476			\$ 2,476
15	IT	Aug 2005	7044	LLOG EXPLORATION OFFSHORE INC	-			0.0918	0.0367	0.0918	-			-
16	IT	Sep 2005	7044	LLOG EXPLORATION OFFSHORE INC	-			0.0918	0.0367	0.0918	-			-
17	IT	Oct 2005	7044	LLOG EXPLORATION OFFSHORE INC	-			0.0918	0.0367	0.0918	-			-
18	IT	Nov 2005	7044	LLOG EXPLORATION OFFSHORE INC	-			0.0918	0.0367	0.0918	-			-
19	IT	Dec 2005	7044	LLOG EXPLORATION OFFSHORE INC	-			0.0918	0.0367	0.0918	-			-
20	IT	Jan 2006	7044	LLOG EXPLORATION OFFSHORE INC	-			0.0918	0.0367	0.0918	-			-
21	IT	Feb 2006	7044	LLOG EXPLORATION OFFSHORE INC	-			0.0918	0.0367	0.0918	-			-
22	IT	Mar 2006	7044	LLOG EXPLORATION OFFSHORE INC	-			0.0918	0.0367	0.0918	-			-
23	IT	Apr 2006	7044	LLOG EXPLORATION OFFSHORE INC	-			0.0918	0.0367	0.0918	-			-
24	IT	May 2006	7044	LLOG EXPLORATION OFFSHORE INC	-			0.0918	0.0367	0.0918	-			-
25	IT	Jun 2006	7044	LLOG EXPLORATION OFFSHORE INC	-			0.0918	0.0367	0.0918	-			-
26	IT			TOTAL	25,319						\$ 2,476			\$ 2,476
27	IT	Jul 2005	5438	LOUIS DREYFUS ENERGY SERVICES LP	1,566,224	155,575		\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 153,259	\$ 6,268		\$ 159,527
28	IT	Aug 2005	5438	LOUIS DREYFUS ENERGY SERVICES LP	1,928,338	172,845		0.0918	0.0367	0.0918	177,021	6,343		183,364
29	IT	Sep 2005	5438	LOUIS DREYFUS ENERGY SERVICES LP	1,091,185	56,213		0.0918	0.0367	0.0918	100,171	2,063		102,234
30	IT	Oct 2005	5438	LOUIS DREYFUS ENERGY SERVICES LP	785,430	3,548		0.0918	0.0367	0.0918	72,102	130		72,232
31	IT	Nov 2005	5438	LOUIS DREYFUS ENERGY SERVICES LP	1,808,179	71,071		0.0918	0.0367	0.0918	165,991	2,608		168,599
32	IT	Dec 2005	5438	LOUIS DREYFUS ENERGY SERVICES LP	1,482,315	105,268		0.0918	0.0367	0.0918	136,077	3,863		139,940
33	IT	Jan 2006	5438	LOUIS DREYFUS ENERGY SERVICES LP	1,147,584	104,233		0.0918	0.0367	0.0918	105,349	3,825		109,174
34	IT	Feb 2006	5438	LOUIS DREYFUS ENERGY SERVICES LP	950,312	130,197		0.0918	0.0367	0.0918	87,239	4,778		92,017
35	IT	Mar 2006	5438	LOUIS DREYFUS ENERGY SERVICES LP	1,169,051	117,465		0.0918	0.0367	0.0918	107,319	4,311		111,630
36	IT	Apr 2006	5438	LOUIS DREYFUS ENERGY SERVICES LP	1,831,309	201,233		0.0918	0.0367	0.0918	168,114	7,385		175,499
37	IT	May 2006	5438	LOUIS DREYFUS ENERGY SERVICES LP	2,404,967	242,144		0.0918	0.0367	0.0918	220,776	8,887		229,663
38	IT	Jun 2006	5438	LOUIS DREYFUS ENERGY SERVICES LP	1,822,325	181,769		0.0918	0.0367	0.0918	167,289	6,671		173,960
39	IT			TOTAL	17,987,219	1,541,561					\$ 1,660,707	\$ 57,132		\$ 1,717,839

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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	Jul 2005	6157	LOUIS DREYFUS ENERGY SERVICES LP	650,487	41,995		\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 64,024	\$ 1,646		\$ 65,670
2	IT	Aug 2005	6157	LOUIS DREYFUS ENERGY SERVICES LP	463,543	41,204		0.0918	0.0367	0.0918	42,553	1,512		44,065
3	IT	Sep 2005	6157	LOUIS DREYFUS ENERGY SERVICES LP	221,670	25,630		0.0918	0.0367	0.0918	20,349	941		21,290
4	IT	Oct 2005	6157	LOUIS DREYFUS ENERGY SERVICES LP	92,523	-		0.0918	0.0367	0.0918	8,494	-		8,494
5	IT	Nov 2005	6157	LOUIS DREYFUS ENERGY SERVICES LP	249,978	13,356		0.0918	0.0367	0.0918	22,948	490		23,438
6	IT	Dec 2005	6157	LOUIS DREYFUS ENERGY SERVICES LP	247,056	31,748		0.0918	0.0367	0.0918	22,680	1,165		23,845
7	IT	Jan 2006	6157	LOUIS DREYFUS ENERGY SERVICES LP	228,127	33,381		0.0918	0.0367	0.0918	20,942	1,225		22,167
8	IT	Feb 2006	6157	LOUIS DREYFUS ENERGY SERVICES LP	190,855	31,602		0.0918	0.0367	0.0918	17,520	1,160		18,680
9	IT	Mar 2006	6157	LOUIS DREYFUS ENERGY SERVICES LP	168,438	30,607		0.0918	0.0367	0.0918	15,463	1,123		16,586
10	IT	Apr 2006	6157	LOUIS DREYFUS ENERGY SERVICES LP	105,486	47,396		0.0918	0.0367	0.0918	9,684	1,739		11,423
11	IT	May 2006	6157	LOUIS DREYFUS ENERGY SERVICES LP	233,857	60,521		0.0918	0.0367	0.0918	21,468	2,221		23,689
12	IT	Jun 2006	6157	LOUIS DREYFUS ENERGY SERVICES LP	242,986	56,734		0.0918	0.0367	0.0918	22,306	2,082		24,388
13	IT			TOTAL	3,095,006	414,174					\$ 288,431	\$ 15,304		\$ 303,735
14	IT	Jul 2005	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ -	\$ -		\$ -
15	IT	Aug 2005	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.0918	0.0367	0.0918	-	-		-
16	IT	Sep 2005	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.0918	0.0367	0.0918	-	-		-
17	IT	Oct 2005	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.0918	0.0367	0.0918	-	-		-
18	IT	Nov 2005	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.0918	0.0367	0.0918	-	-		-
19	IT	Dec 2005	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.0918	0.0367	0.0918	-	-		-
20	IT	Jan 2006	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.0918	0.0367	0.0918	-	-		-
21	IT	Feb 2006	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.0918	0.0367	0.0918	-	-		-
22	IT	Mar 2006	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.0918	0.0367	0.0918	-	-		-
23	IT	Apr 2006	6259	LOUIS DREYFUS ENERGY SERVICES LP	671,352	66,771		0.0918	0.0367	0.0918	61,630	2,450		64,080
24	IT	May 2006	6259	LOUIS DREYFUS ENERGY SERVICES LP	739,056	68,800		0.0918	0.0367	0.0918	67,845	2,525		70,370
25	IT	Jun 2006	6259	LOUIS DREYFUS ENERGY SERVICES LP	648,738	57,608		0.0918	0.0367	0.0918	59,554	2,114		61,668
26	IT			TOTAL	2,059,146	193,179					\$ 189,029	\$ 7,089		\$ 196,118
27	IT	Jul 2005	6018	MAGNUM HUNTER PRODUCTION INC	-	107,172		\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ -	\$ 4,067		\$ 4,067
28	IT	Aug 2005	6018	MAGNUM HUNTER PRODUCTION INC	-	51,882		0.0918	0.0367	0.0918	-	1,904		1,904
29	IT	Sep 2005	6018	MAGNUM HUNTER PRODUCTION INC	-	24,559		0.0918	0.0367	0.0918	-	901		901
30	IT	Oct 2005	6018	MAGNUM HUNTER PRODUCTION INC	-	79,886		0.0918	0.0367	0.0918	-	2,932		2,932
31	IT	Nov 2005	6018	MAGNUM HUNTER PRODUCTION INC	-	105,083		0.0918	0.0367	0.0918	-	3,857		3,857
32	IT	Dec 2005	6018	MAGNUM HUNTER PRODUCTION INC	-	118,088		0.0918	0.0367	0.0918	-	4,334		4,334
33	IT	Jan 2006	6018	MAGNUM HUNTER PRODUCTION INC	-	119,778		0.0918	0.0367	0.0918	-	4,396		4,396
34	IT	Feb 2006	6018	MAGNUM HUNTER PRODUCTION INC	-	103,415		0.0918	0.0367	0.0918	-	3,795		3,795
35	IT	Mar 2006	6018	MAGNUM HUNTER PRODUCTION INC	-	103,073		0.0918	0.0367	0.0918	-	3,783		3,783
36	IT	Apr 2006	6018	MAGNUM HUNTER PRODUCTION INC	-	103,958		0.0918	0.0367	0.0918	-	3,815		3,815
37	IT	May 2006	6018	MAGNUM HUNTER PRODUCTION INC	-	94,434		0.0918	0.0367	0.0918	-	3,466		3,466
38	IT	Jun 2006	6018	MAGNUM HUNTER PRODUCTION INC	-	86,175		0.0918	0.0367	0.0918	-	3,163		3,163
39	IT			TOTAL	-	1,097,503					\$ -	\$ 40,413		\$ 40,413

High Island Offshore System, L.L.C.
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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	Jul 2005	5686	MINERALS MANAGEMENT SERVICE	1,648,817	-		\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 162,010	\$ -		\$ 162,010
2	IT	Aug 2005	5686	MINERALS MANAGEMENT SERVICE	1,643,047	-		0.0918	0.0367	0.0918	150,832	-		150,832
3	IT	Sep 2005	5686	MINERALS MANAGEMENT SERVICE	1,129,533	-		0.0918	0.0367	0.0918	103,691	-		103,691
4	IT	Oct 2005	5686	MINERALS MANAGEMENT SERVICE	476,226	-		0.0918	0.0367	0.0918	43,718	-		43,718
5	IT	Nov 2005	5686	MINERALS MANAGEMENT SERVICE	1,501,975	5,056		0.0918	0.0367	0.0918	137,881	186		138,067
6	IT	Dec 2005	5686	MINERALS MANAGEMENT SERVICE	1,622,388	2,523		0.0918	0.0367	0.0918	148,935	93		149,028
7	IT	Jan 2006	5686	MINERALS MANAGEMENT SERVICE	1,605,827	1,850		0.0918	0.0367	0.0918	147,415	68		147,483
8	IT	Feb 2006	5686	MINERALS MANAGEMENT SERVICE	1,310,091	6,979		0.0918	0.0367	0.0918	120,266	256		120,522
9	IT	Mar 2006	5686	MINERALS MANAGEMENT SERVICE	1,492,378	6,324		0.0918	0.0367	0.0918	137,000	232		137,232
10	IT	Apr 2006	5686	MINERALS MANAGEMENT SERVICE	815,559	-		0.0918	0.0367	0.0918	74,868	-		74,868
11	IT	May 2006	5686	MINERALS MANAGEMENT SERVICE	901,340	-		0.0918	0.0367	0.0918	82,743	-		82,743
12	IT	Jun 2006	5686	MINERALS MANAGEMENT SERVICE	716,155	-		0.0918	0.0367	0.0918	65,743	-		65,743
13	IT			TOTAL	<u>14,863,336</u>	<u>22,732</u>					<u>\$ 1,375,102</u>	<u>\$ 835</u>		<u>\$ 1,375,937</u>
14	IT	Jul 2005	5389	NATIONAL ENERGY & TRADE LP	212,933	-		\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 20,984	-		\$ 20,984
15	IT	Aug 2005	5389	NATIONAL ENERGY & TRADE LP	168,044	-		0.0918	0.0367	0.0918	15,426	-		15,426
16	IT	Sep 2005	5389	NATIONAL ENERGY & TRADE LP	84,512	-		0.0918	0.0367	0.0918	7,758	-		7,758
17	IT	Oct 2005	5389	NATIONAL ENERGY & TRADE LP	98,702	-		0.0918	0.0367	0.0918	9,061	-		9,061
18	IT	Nov 2005	5389	NATIONAL ENERGY & TRADE LP	220,108	-		0.0918	0.0367	0.0918	20,206	-		20,206
19	IT	Dec 2005	5389	NATIONAL ENERGY & TRADE LP	363,487	-		0.0918	0.0367	0.0918	33,368	-		33,368
20	IT	Jan 2006	5389	NATIONAL ENERGY & TRADE LP	702,091	-		0.0918	0.0367	0.0918	64,452	-		64,452
21	IT	Feb 2006	5389	NATIONAL ENERGY & TRADE LP	515,359	-		0.0918	0.0367	0.0918	47,310	-		47,310
22	IT	Mar 2006	5389	NATIONAL ENERGY & TRADE LP	589,668	-		0.0918	0.0367	0.0918	54,132	-		54,132
23	IT	Apr 2006	5389	NATIONAL ENERGY & TRADE LP	444,491	-		0.0918	0.0367	0.0918	40,804	-		40,804
24	IT	May 2006	5389	NATIONAL ENERGY & TRADE LP	444,889	-		0.0918	0.0367	0.0918	40,841	-		40,841
25	IT	Jun 2006	5389	NATIONAL ENERGY & TRADE LP	440,727	-		0.0918	0.0367	0.0918	40,459	-		40,459
26	IT			TOTAL	<u>4,285,011</u>						<u>\$ 394,801</u>			<u>\$ 394,801</u>
27	IT	Jul 2005	7028	NEWFIELD EXPLORATION	874,145	-		\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 85,427	\$ -		\$ 85,427
28	IT	Aug 2005	7028	NEWFIELD EXPLORATION	866,635	-		0.0918	0.0367	0.0918	79,557	-		79,557
29	IT	Sep 2005	7028	NEWFIELD EXPLORATION	658,927	-		0.0918	0.0367	0.0918	60,489	-		60,489
30	IT	Oct 2005	7028	NEWFIELD EXPLORATION	395,792	-		0.0918	0.0367	0.0918	36,334	-		36,334
31	IT	Nov 2005	7028	NEWFIELD EXPLORATION	-	-		0.0918	0.0367	0.0918	-	-		-
32	IT	Dec 2005	7028	NEWFIELD EXPLORATION	-	-		0.0918	0.0367	0.0918	-	-		-
33	IT	Jan 2006	7028	NEWFIELD EXPLORATION	-	-		0.0918	0.0367	0.0918	-	-		-
34	IT	Feb 2006	7028	NEWFIELD EXPLORATION	390,892	76,616		0.0918	0.0367	0.0918	35,884	2,812		38,696
35	IT	Mar 2006	7028	NEWFIELD EXPLORATION	466,648	91,298		0.0918	0.0367	0.0918	42,838	3,351		46,189
36	IT	Apr 2006	7028	NEWFIELD EXPLORATION	-	-		0.0918	0.0367	0.0918	-	-		-
37	IT	May 2006	7028	NEWFIELD EXPLORATION	-	-		0.0918	0.0367	0.0918	-	-		-
38	IT	Jun 2006	7028	NEWFIELD EXPLORATION	-	-		0.0918	0.0367	0.0918	-	-		-
39	IT			TOTAL	<u>3,653,039</u>	<u>167,914</u>					<u>\$ 340,529</u>	<u>\$ 6,163</u>		<u>\$ 346,692</u>

High Island Offshore System, L.L.C.
Base Period Transportation Revenues
For the Twelve Months Ended June 30, 2006, Actual

Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	Jul 2005	7382	NEXEN MARKETING USA INC	-			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ -			\$ -
2	IT	Aug 2005	7382	NEXEN MARKETING USA INC	279,485			0.0918	0.0367	0.0918	25,657			25,657
3	IT	Sep 2005	7382	NEXEN MARKETING USA INC	85,677			0.0918	0.0367	0.0918	7,865			7,865
4	IT	Oct 2005	7382	NEXEN MARKETING USA INC	267,097			0.0918	0.0367	0.0918	24,520			24,520
5	IT	Nov 2005	7382	NEXEN MARKETING USA INC	1,067,171			0.0918	0.0367	0.0918	97,966			97,966
6	IT	Dec 2005	7382	NEXEN MARKETING USA INC	116,566			0.0918	0.0367	0.0918	10,701			10,701
7	IT	Jan 2006	7382	NEXEN MARKETING USA INC	114,491			0.0918	0.0367	0.0918	10,510			10,510
8	IT	Feb 2006	7382	NEXEN MARKETING USA INC	95,089			0.0918	0.0367	0.0918	8,729			8,729
9	IT	Mar 2006	7382	NEXEN MARKETING USA INC	100,206			0.0918	0.0367	0.0918	9,199			9,199
10	IT	Apr 2006	7382	NEXEN MARKETING USA INC	93,552			0.0918	0.0367	0.0918	8,588			8,588
11	IT	May 2006	7382	NEXEN MARKETING USA INC	103,159			0.0918	0.0367	0.0918	9,470			9,470
12	IT	Jun 2006	7382	NEXEN MARKETING USA INC	79,339			0.0918	0.0367	0.0918	7,283			7,283
13	IT			TOTAL	2,401,832						\$ 220,488			\$ 220,488
14	IT	Jul 2005	4691	NOBLE ENERGY MARKETING INC	758,210			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 74,524			\$ 74,524
15	IT	Aug 2005	4691	NOBLE ENERGY MARKETING INC	747,099			0.0918	0.0367	0.0918	68,584			68,584
16	IT	Sep 2005	4691	NOBLE ENERGY MARKETING INC	499,180			0.0918	0.0367	0.0918	45,825			45,825
17	IT	Oct 2005	4691	NOBLE ENERGY MARKETING INC	192,747			0.0918	0.0367	0.0918	17,694			17,694
18	IT	Nov 2005	4691	NOBLE ENERGY MARKETING INC	674,269			0.0918	0.0367	0.0918	61,898			61,898
19	IT	Dec 2005	4691	NOBLE ENERGY MARKETING INC	893,483			0.0918	0.0367	0.0918	82,022			82,022
20	IT	Jan 2006	4691	NOBLE ENERGY MARKETING INC	842,927			0.0918	0.0367	0.0918	77,381			77,381
21	IT	Feb 2006	4691	NOBLE ENERGY MARKETING INC	782,914			0.0918	0.0367	0.0918	71,872			71,872
22	IT	Mar 2006	4691	NOBLE ENERGY MARKETING INC	810,953			0.0918	0.0367	0.0918	74,445			74,445
23	IT	Apr 2006	4691	NOBLE ENERGY MARKETING INC	721,745			0.0918	0.0367	0.0918	66,256			66,256
24	IT	May 2006	4691	NOBLE ENERGY MARKETING INC	846,280			0.0918	0.0367	0.0918	77,689			77,689
25	IT	Jun 2006	4691	NOBLE ENERGY MARKETING INC	805,678			0.0918	0.0367	0.0918	73,961			73,961
26	IT			TOTAL	8,575,485						\$ 792,151			\$ 792,151
27	IT	Jul 2005	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	75,845			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 7,555			\$ 7,555
28	IT	Aug 2005	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	60,426			0.0918	0.0367	0.0918	5,547			5,547
29	IT	Sep 2005	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	43,495			0.0918	0.0367	0.0918	3,993			3,993
30	IT	Oct 2005	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	29,264			0.0918	0.0367	0.0918	2,686			2,686
31	IT	Nov 2005	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	83,580			0.0918	0.0367	0.0918	7,673			7,673
32	IT	Dec 2005	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	91,967			0.0918	0.0367	0.0918	8,443			8,443
33	IT	Jan 2006	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	87,883			0.0918	0.0367	0.0918	8,068			8,068
34	IT	Feb 2006	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	65,103			0.0918	0.0367	0.0918	5,976			5,976
35	IT	Mar 2006	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	59,827			0.0918	0.0367	0.0918	5,492			5,492
36	IT	Apr 2006	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	42,114			0.0918	0.0367	0.0918	3,866			3,866
37	IT	May 2006	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	59,647			0.0918	0.0367	0.0918	5,476			5,476
38	IT	Jun 2006	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	67,620			0.0918	0.0367	0.0918	6,208			6,208
39	IT			TOTAL	766,771						\$ 70,983			\$ 70,983

High Island Offshore System, L.L.C.
Base Period Transportation Revenues
For the Twelve Months Ended June 30, 2006, Actual

Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	Jul 2005	5698	OCCIDENTAL ENERGY MARKETING INC.	283,476	68,399		\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 27,832	\$ 2,689		\$ 30,521
2	IT	Aug 2005	5698	OCCIDENTAL ENERGY MARKETING INC.	272,666	39,462		0.0918	0.0367	0.0918	25,031	1,448		26,479
3	IT	Sep 2005	5698	OCCIDENTAL ENERGY MARKETING INC.	202,433	-		0.0918	0.0367	0.0918	18,583	-		18,583
4	IT	Oct 2005	5698	OCCIDENTAL ENERGY MARKETING INC.	113,860	-		0.0918	0.0367	0.0918	10,452	-		10,452
5	IT	Nov 2005	5698	OCCIDENTAL ENERGY MARKETING INC.	165,549	-		0.0918	0.0367	0.0918	15,197	-		15,197
6	IT	Dec 2005	5698	OCCIDENTAL ENERGY MARKETING INC.	164,717	-		0.0918	0.0367	0.0918	15,121	-		15,121
7	IT	Jan 2006	5698	OCCIDENTAL ENERGY MARKETING INC.	149,021	-		0.0918	0.0367	0.0918	13,680	-		13,680
8	IT	Feb 2006	5698	OCCIDENTAL ENERGY MARKETING INC.	140,986	-		0.0918	0.0367	0.0918	12,943	-		12,943
9	IT	Mar 2006	5698	OCCIDENTAL ENERGY MARKETING INC.	158,204	-		0.0918	0.0367	0.0918	14,523	-		14,523
10	IT	Apr 2006	5698	OCCIDENTAL ENERGY MARKETING INC.	-	-		0.0918	0.0367	0.0918	-	-		-
11	IT	May 2006	5698	OCCIDENTAL ENERGY MARKETING INC.	-	-		0.0918	0.0367	0.0918	-	-		-
12	IT	Jun 2006	5698	OCCIDENTAL ENERGY MARKETING INC.	-	-		0.0918	0.0367	0.0918	-	-		-
13	IT			TOTAL	<u>1,650,912</u>	<u>107,861</u>					<u>\$ 153,362</u>	<u>\$ 4,137</u>		<u>\$ 157,499</u>
14	IT	Jul 2005	6034	ONLINE RESOURCE EXCHANGE	18,224			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 1,819			\$ 1,819
15	IT	Aug 2005	6034	ONLINE RESOURCE EXCHANGE	20,330			0.0918	0.0367	0.0918	1,866			1,866
16	IT	Sep 2005	6034	ONLINE RESOURCE EXCHANGE	13,853			0.0918	0.0367	0.0918	1,272			1,272
17	IT	Oct 2005	6034	ONLINE RESOURCE EXCHANGE	6,835			0.0918	0.0367	0.0918	628			628
18	IT	Nov 2005	6034	ONLINE RESOURCE EXCHANGE	15,383			0.0918	0.0367	0.0918	1,412			1,412
19	IT	Dec 2005	6034	ONLINE RESOURCE EXCHANGE	16,981			0.0918	0.0367	0.0918	1,559			1,559
20	IT	Jan 2006	6034	ONLINE RESOURCE EXCHANGE	15,545			0.0918	0.0367	0.0918	1,427			1,427
21	IT	Feb 2006	6034	ONLINE RESOURCE EXCHANGE	15,583			0.0918	0.0367	0.0918	1,430			1,430
22	IT	Mar 2006	6034	ONLINE RESOURCE EXCHANGE	15,799			0.0918	0.0367	0.0918	1,450			1,450
23	IT	Apr 2006	6034	ONLINE RESOURCE EXCHANGE	14,973			0.0918	0.0367	0.0918	1,375			1,375
24	IT	May 2006	6034	ONLINE RESOURCE EXCHANGE	16,375			0.0918	0.0367	0.0918	1,503			1,503
25	IT	Jun 2006	6034	ONLINE RESOURCE EXCHANGE	<u>14,037</u>			0.0918	0.0367	0.0918	<u>1,289</u>			<u>1,289</u>
26	IT			TOTAL	<u>183,918</u>						<u>\$ 17,030</u>			<u>\$ 17,030</u>
27	IT	Jul 2005	7033	REMINGTON OIL & GAS CORPORATION	6,387	88,167		\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 610	\$ 3,526		\$ 4,136
28	IT	Aug 2005	7033	REMINGTON OIL & GAS CORPORATION	5,580	117,740		0.0918	0.0367	0.0918	512	4,321		4,833
29	IT	Sep 2005	7033	REMINGTON OIL & GAS CORPORATION	3,740	77,913		0.0918	0.0367	0.0918	343	2,859		3,202
30	IT	Oct 2005	7033	REMINGTON OIL & GAS CORPORATION	948	191,419		0.0918	0.0367	0.0918	87	7,025		7,112
31	IT	Nov 2005	7033	REMINGTON OIL & GAS CORPORATION	5,679	367,629		0.0918	0.0367	0.0918	521	13,492		14,013
32	IT	Dec 2005	7033	REMINGTON OIL & GAS CORPORATION	4,638	428,379		0.0918	0.0367	0.0918	426	15,722		16,148
33	IT	Jan 2006	7033	REMINGTON OIL & GAS CORPORATION	3,694	457,568		0.0918	0.0367	0.0918	339	16,793		17,132
34	IT	Feb 2006	7033	REMINGTON OIL & GAS CORPORATION	2,483	409,319		0.0918	0.0367	0.0918	228	15,022		15,250
35	IT	Mar 2006	7033	REMINGTON OIL & GAS CORPORATION	2,701	402,386		0.0918	0.0367	0.0918	248	14,768		15,016
36	IT	Apr 2006	7033	REMINGTON OIL & GAS CORPORATION	2,296	304,464		0.0918	0.0367	0.0918	211	11,174		11,385
37	IT	May 2006	7033	REMINGTON OIL & GAS CORPORATION	2,675	301,900		0.0918	0.0367	0.0918	245	11,080		11,325
38	IT	Jun 2006	7033	REMINGTON OIL & GAS CORPORATION	<u>2,522</u>	<u>290,038</u>		0.0918	0.0367	0.0918	<u>232</u>	<u>10,644</u>		<u>10,876</u>
39	IT			TOTAL	<u>43,343</u>	<u>3,436,922</u>					<u>\$ 4,002</u>	<u>\$ 126,426</u>		<u>\$ 130,428</u>

High Island Offshore System, L.L.C.
Base Period Transportation Revenues
For the Twelve Months Ended June 30, 2006, Actual

Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	Jul 2005	7511	ROSETTA RESOURCES OFFSHORE LLC	-			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ -			\$ -
2	IT	Aug 2005	7511	ROSETTA RESOURCES OFFSHORE LLC	-			0.0918	0.0367	0.0918	-			-
3	IT	Sep 2005	7511	ROSETTA RESOURCES OFFSHORE LLC	-			0.0918	0.0367	0.0918	-			-
4	IT	Oct 2005	7511	ROSETTA RESOURCES OFFSHORE LLC	-			0.0918	0.0367	0.0918	-			-
5	IT	Nov 2005	7511	ROSETTA RESOURCES OFFSHORE LLC	4,152			0.0918	0.0367	0.0918	381			381
6	IT	Dec 2005	7511	ROSETTA RESOURCES OFFSHORE LLC	3,908			0.0918	0.0367	0.0918	359			359
7	IT	Jan 2006	7511	ROSETTA RESOURCES OFFSHORE LLC	7,698			0.0918	0.0367	0.0918	706			706
8	IT	Feb 2006	7511	ROSETTA RESOURCES OFFSHORE LLC	8,123			0.0918	0.0367	0.0918	746			746
9	IT	Mar 2006	7511	ROSETTA RESOURCES OFFSHORE LLC	6,691			0.0918	0.0367	0.0918	614			614
10	IT	Apr 2006	7511	ROSETTA RESOURCES OFFSHORE LLC	1,905			0.0918	0.0367	0.0918	175			175
11	IT	May 2006	7511	ROSETTA RESOURCES OFFSHORE LLC	668			0.0918	0.0367	0.0918	61			61
12	IT	Jun 2006	7511	ROSETTA RESOURCES OFFSHORE LLC	922			0.0918	0.0367	0.0918	85			85
13	IT			TOTAL	34,067						\$ 3,127			\$ 3,127
14	IT	Jul 2005	5914	SEQUENT ENERGY MANAGEMENT LP	399,794	-		\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 38,945	\$ -		\$ 38,945
15	IT	Aug 2005	5914	SEQUENT ENERGY MANAGEMENT LP	362,833	-		0.0918	0.0367	0.0918	33,308	-		33,308
16	IT	Sep 2005	5914	SEQUENT ENERGY MANAGEMENT LP	230,462	40,573		0.0918	0.0367	0.0918	21,157	1,489		22,646
17	IT	Oct 2005	5914	SEQUENT ENERGY MANAGEMENT LP	27,952	-		0.0918	0.0367	0.0918	2,566	-		2,566
18	IT	Nov 2005	5914	SEQUENT ENERGY MANAGEMENT LP	448,467	-		0.0918	0.0367	0.0918	41,169	-		41,169
19	IT	Dec 2005	5914	SEQUENT ENERGY MANAGEMENT LP	433,666	-		0.0918	0.0367	0.0918	39,811	-		39,811
20	IT	Jan 2006	5914	SEQUENT ENERGY MANAGEMENT LP	395,862	-		0.0918	0.0367	0.0918	36,340	-		36,340
21	IT	Feb 2006	5914	SEQUENT ENERGY MANAGEMENT LP	798,821	34,607		0.0918	0.0367	0.0918	73,332	1,270		74,602
22	IT	Mar 2006	5914	SEQUENT ENERGY MANAGEMENT LP	785,911	39,801		0.0918	0.0367	0.0918	72,147	1,461		73,608
23	IT	Apr 2006	5914	SEQUENT ENERGY MANAGEMENT LP	287,550	-		0.0918	0.0367	0.0918	26,397	-		26,397
24	IT	May 2006	5914	SEQUENT ENERGY MANAGEMENT LP	258,102	-		0.0918	0.0367	0.0918	23,694	-		23,694
25	IT	Jun 2006	5914	SEQUENT ENERGY MANAGEMENT LP	135,821	-		0.0918	0.0367	0.0918	12,468	-		12,468
26	IT			TOTAL	4,565,241	114,981					\$ 421,334	\$ 4,220		\$ 425,554
27	IT	Jul 2005	6162	SOUTHWEST ENERGY LP	42,645	68,416		\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 3,986	\$ 2,690		\$ 6,676
28	IT	Aug 2005	6162	SOUTHWEST ENERGY LP	63,802	39,472		0.0918	0.0367	0.0918	5,857	1,449		7,306
29	IT	Sep 2005	6162	SOUTHWEST ENERGY LP	71,230	40,581		0.0918	0.0367	0.0918	6,539	1,489		8,028
30	IT	Oct 2005	6162	SOUTHWEST ENERGY LP	14,418	-		0.0918	0.0367	0.0918	1,324	-		1,324
31	IT	Nov 2005	6162	SOUTHWEST ENERGY LP	78,824	-		0.0918	0.0367	0.0918	7,236	-		7,236
32	IT	Dec 2005	6162	SOUTHWEST ENERGY LP	70,917	-		0.0918	0.0367	0.0918	6,510	-		6,510
33	IT	Jan 2006	6162	SOUTHWEST ENERGY LP	346,886	-		0.0918	0.0367	0.0918	31,844	-		31,844
34	IT	Feb 2006	6162	SOUTHWEST ENERGY LP	425,701	-		0.0918	0.0367	0.0918	39,079	-		39,079
35	IT	Mar 2006	6162	SOUTHWEST ENERGY LP	508,753	-		0.0918	0.0367	0.0918	46,704	-		46,704
36	IT	Apr 2006	6162	SOUTHWEST ENERGY LP	666,360	-		0.0918	0.0367	0.0918	61,172	-		61,172
37	IT	May 2006	6162	SOUTHWEST ENERGY LP	638,646	-		0.0918	0.0367	0.0918	58,628	-		58,628
38	IT	Jun 2006	6162	SOUTHWEST ENERGY LP	609,738	-		0.0918	0.0367	0.0918	55,974	-		55,974
39	IT			TOTAL	3,537,920	148,469					\$ 324,853	\$ 5,628		\$ 330,481

High Island Offshore System, L.L.C.
Base Period Transportation Revenues
For the Twelve Months Ended June 30, 2006, Actual

Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	Jul 2005	6598	STONE ENERGY CORPORATION	36,422			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 3,548			\$ 3,548
2	IT	Aug 2005	6598	STONE ENERGY CORPORATION	40,469			0.0918	0.0367	0.0918	3,715			3,715
3	IT	Sep 2005	6598	STONE ENERGY CORPORATION	25,041			0.0918	0.0367	0.0918	2,299			2,299
4	IT	Oct 2005	6598	STONE ENERGY CORPORATION	8,915			0.0918	0.0367	0.0918	818			818
5	IT	Nov 2005	6598	STONE ENERGY CORPORATION	44,567			0.0918	0.0367	0.0918	4,091			4,091
6	IT	Dec 2005	6598	STONE ENERGY CORPORATION	31,211			0.0918	0.0367	0.0918	2,865			2,865
7	IT	Jan 2006	6598	STONE ENERGY CORPORATION	23,201			0.0918	0.0367	0.0918	2,130			2,130
8	IT	Feb 2006	6598	STONE ENERGY CORPORATION	22,750			0.0918	0.0367	0.0918	2,088			2,088
9	IT	Mar 2006	6598	STONE ENERGY CORPORATION	27,226			0.0918	0.0367	0.0918	2,499			2,499
10	IT	Apr 2006	6598	STONE ENERGY CORPORATION	18,222			0.0918	0.0367	0.0918	1,673			1,673
11	IT	May 2006	6598	STONE ENERGY CORPORATION	13,988			0.0918	0.0367	0.0918	1,284			1,284
12	IT	Jun 2006	6598	STONE ENERGY CORPORATION	2,810			0.0918	0.0367	0.0918	258			258
13	IT			TOTAL	294,822						\$ 27,268			\$ 27,268
14	IT	Jul 2005	7312	TANA EXPLORATION COMPANY	37,885			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 3,610			\$ 3,610
15	IT	Aug 2005	7312	TANA EXPLORATION COMPANY	15,475			0.0918	0.0367	0.0918	1,421			1,421
16	IT	Sep 2005	7312	TANA EXPLORATION COMPANY	-			0.0918	0.0367	0.0918	-			-
17	IT	Oct 2005	7312	TANA EXPLORATION COMPANY	-			0.0918	0.0367	0.0918	-			-
18	IT	Nov 2005	7312	TANA EXPLORATION COMPANY	-			0.0918	0.0367	0.0918	-			-
19	IT	Dec 2005	7312	TANA EXPLORATION COMPANY	-			0.0918	0.0367	0.0918	-			-
20	IT	Jan 2006	7312	TANA EXPLORATION COMPANY	-			0.0918	0.0367	0.0918	-			-
21	IT	Feb 2006	7312	TANA EXPLORATION COMPANY	-			0.0918	0.0367	0.0918	-			-
22	IT	Mar 2006	7312	TANA EXPLORATION COMPANY	-			0.0918	0.0367	0.0918	-			-
23	IT	Apr 2006	7312	TANA EXPLORATION COMPANY	-			0.0918	0.0367	0.0918	-			-
24	IT	May 2006	7312	TANA EXPLORATION COMPANY	-			0.0918	0.0367	0.0918	-			-
25	IT	Jun 2006	7312	TANA EXPLORATION COMPANY	-			0.0918	0.0367	0.0918	-			-
26	IT			TOTAL	53,360						\$ 5,031			\$ 5,031
27	IT	Jul 2005	4673	UNOCAL ENERGY TRADING	653,098			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 64,172			\$ 64,172
28	IT	Aug 2005	4673	UNOCAL ENERGY TRADING	645,308			0.0918	0.0367	0.0918	59,239			59,239
29	IT	Sep 2005	4673	UNOCAL ENERGY TRADING	426,737			0.0918	0.0367	0.0918	39,174			39,174
30	IT	Oct 2005	4673	UNOCAL ENERGY TRADING	179,686			0.0918	0.0367	0.0918	16,495			16,495
31	IT	Nov 2005	4673	UNOCAL ENERGY TRADING	-			0.0918	0.0367	0.0918	-			-
32	IT	Dec 2005	4673	UNOCAL ENERGY TRADING	-			0.0918	0.0367	0.0918	-			-
33	IT	Jan 2006	4673	UNOCAL ENERGY TRADING	-			0.0918	0.0367	0.0918	-			-
34	IT	Feb 2006	4673	UNOCAL ENERGY TRADING	-			0.0918	0.0367	0.0918	-			-
35	IT	Mar 2006	4673	UNOCAL ENERGY TRADING	-			0.0918	0.0367	0.0918	-			-
36	IT	Apr 2006	4673	UNOCAL ENERGY TRADING	-			0.0918	0.0367	0.0918	-			-
37	IT	May 2006	4673	UNOCAL ENERGY TRADING	-			0.0918	0.0367	0.0918	-			-
38	IT	Jun 2006	4673	UNOCAL ENERGY TRADING	-			0.0918	0.0367	0.0918	-			-
39	IT			TOTAL	1,904,829						\$ 179,080			\$ 179,080

High Island Offshore System, L.L.C.
Base Period Transportation Revenues
For the Twelve Months Ended June 30, 2006, Actual

Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	Jul 2005	6718	WALTER OIL & GAS CORPORATION	420,160			\$ 0.0918	\$ 0.0367	\$ 0.0918	\$ 40,781			\$ 40,781
2	IT	Aug 2005	6718	WALTER OIL & GAS CORPORATION	386,772			0.0918	0.0367	0.0918	35,506			35,506
3	IT	Sep 2005	6718	WALTER OIL & GAS CORPORATION	188,863			0.0918	0.0367	0.0918	17,338			17,338
4	IT	Oct 2005	6718	WALTER OIL & GAS CORPORATION	12,630			0.0918	0.0367	0.0918	1,159			1,159
5	IT	Nov 2005	6718	WALTER OIL & GAS CORPORATION	208,962			0.0918	0.0367	0.0918	19,183			19,183
6	IT	Dec 2005	6718	WALTER OIL & GAS CORPORATION	235,084			0.0918	0.0367	0.0918	21,581			21,581
7	IT	Jan 2006	6718	WALTER OIL & GAS CORPORATION	238,152			0.0918	0.0367	0.0918	21,862			21,862
8	IT	Feb 2006	6718	WALTER OIL & GAS CORPORATION	192,155			0.0918	0.0367	0.0918	17,640			17,640
9	IT	Mar 2006	6718	WALTER OIL & GAS CORPORATION	142,840			0.0918	0.0367	0.0918	13,113			13,113
10	IT	Apr 2006	6718	WALTER OIL & GAS CORPORATION	146,298			0.0918	0.0367	0.0918	13,430			13,430
11	IT	May 2006	6718	WALTER OIL & GAS CORPORATION	184,722			0.0918	0.0367	0.0918	16,957			16,957
12	IT	Jun 2006	6718	WALTER OIL & GAS CORPORATION	262,184			0.0918	0.0367	0.0918	24,068			24,068
13	IT			TOTAL	<u>2,618,822</u>	<u></u>	<u></u>				<u>\$ 242,618</u>	<u></u>	<u></u>	<u>\$ 242,618</u>
14	IT	Jul 2005	6718	WALTER OIL & GAS CORPORATION	212,887			\$ 0.1244	\$ 0.0367	\$ 0.1244	\$ 26,483			\$ 26,483
15	IT	Aug 2005	6718	WALTER OIL & GAS CORPORATION	205,672			0.1244	0.0367	0.1244	25,586			25,586
16	IT	Sep 2005	6718	WALTER OIL & GAS CORPORATION	124,314			0.1244	0.0367	0.1244	15,465			15,465
17	IT	Oct 2005	6718	WALTER OIL & GAS CORPORATION	11,693			0.1244	0.0367	0.1244	1,455			1,455
18	IT	Nov 2005	6718	WALTER OIL & GAS CORPORATION	207,477			0.1244	0.0367	0.1244	25,810			25,810
19	IT	Dec 2005	6718	WALTER OIL & GAS CORPORATION	174,562			0.1244	0.0367	0.1244	21,715			21,715
20	IT	Jan 2006	6718	WALTER OIL & GAS CORPORATION	128,903			0.1244	0.0367	0.1244	16,035			16,035
21	IT	Feb 2006	6718	WALTER OIL & GAS CORPORATION	83,485			0.1244	0.0367	0.1244	10,386			10,386
22	IT	Mar 2006	6718	WALTER OIL & GAS CORPORATION	112,571			0.1244	0.0367	0.1244	14,004			14,004
23	IT	Apr 2006	6718	WALTER OIL & GAS CORPORATION	65,145			0.1244	0.0367	0.1244	8,104			8,104
24	IT	May 2006	6718	WALTER OIL & GAS CORPORATION	38,760			0.1244	0.0367	0.1244	4,822			4,822
25	IT	Jun 2006	6718	WALTER OIL & GAS CORPORATION	31,850			0.1244	0.0367	0.1244	3,962			3,962
26	IT			TOTAL	<u>1,397,319</u>	<u></u>	<u></u>				<u>\$ 173,827</u>	<u></u>	<u></u>	<u>\$ 173,827</u>
27	IT			SUB-TOTAL: BASE PERIOD INTERRUPTIBLE SERVICE REVENUES	<u>130,592,593</u>	<u>7,474,909</u>					<u>\$ 12,183,987</u>	<u>\$ 275,781</u>		<u>\$ 12,459,768</u>
28				TOTAL BASE PERIOD TRANSPORTATION REVENUES										<u>\$ 20,313,574</u>

High Island Offshore System, L.L.C.
Test Period As Adjusted Transportation Revenues
For the Twelve Months Ended June 30, 2006, As Adjusted

Line No.	Rate Sched.	Month	Contract No.	Shipper	Reservation Quantity (Dth)	Commodity Quantity (Dth)	Authorized Overrun Volume	Reservation Rate	Commodity Rate	Overrun Rate	Reservation Revenue	Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	FT-1	July	7490	ARENA ENERGY LLC (TRIUMPH ENERGY) 1/	-	-		\$ 11.7500	\$ -	\$ 0.4163	\$ -	\$ -		\$ -
2	FT-1	August	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-		11.7500	-	0.4163	-	-		-
3	FT-1	September	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-		11.7500	-	0.4163	-	-		-
4	FT-1	October	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-		11.7500	-	0.4163	-	-		-
5	FT-1	November	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-		11.7500	-	0.4163	-	-		-
6	FT-1	December	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-		11.7500	-	0.4163	-	-		-
7	FT-1	January	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-		11.7500	-	0.4163	-	-		-
8	FT-1	February	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-		11.7500	-	0.4163	-	-		-
9	FT-1	March	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-		11.7500	-	0.4163	-	-		-
10	FT-1	April	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-		11.7500	-	0.4163	-	-		-
11	FT-1	May	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-		11.7500	-	0.4163	-	-		-
12	FT-1	June	7490	ARENA ENERGY LLC (TRIUMPH ENERGY)	-	-		11.7500	-	0.4163	-	-		-
13	FT-1			TOTAL	-	-					\$ -	\$ -		\$ -
1/ Formerly Triumph Energy LLC. Name change effective January 2006.														
14	FT-1	July	7493	DELTA ENERGY LLC	-	-		\$ 11.7500	\$ -	\$ 0.4163	\$ -	\$ -		\$ -
15	FT-1	August	7493	DELTA ENERGY LLC	-	-		11.7500	-	0.4163	-	-		-
16	FT-1	September	7493	DELTA ENERGY LLC	-	-		11.7500	-	0.4163	-	-		-
17	FT-1	October	7493	DELTA ENERGY LLC	-	-		11.7500	-	0.4163	-	-		-
18	FT-1	November	7493	DELTA ENERGY LLC	-	-		11.7500	-	0.4163	-	-		-
19	FT-1	December	7493	DELTA ENERGY LLC	-	-		11.7500	-	0.4163	-	-		-
20	FT-1	January	7493	DELTA ENERGY LLC	-	-		11.7500	-	0.4163	-	-		-
21	FT-1	February	7493	DELTA ENERGY LLC	-	-		11.7500	-	0.4163	-	-		-
22	FT-1	March	7493	DELTA ENERGY LLC	-	-		11.7500	-	0.4163	-	-		-
23	FT-1	April	7493	DELTA ENERGY LLC	-	-		11.7500	-	0.4163	-	-		-
24	FT-1	May	7493	DELTA ENERGY LLC	-	-		11.7500	-	0.4163	-	-		-
25	FT-1	June	7493	DELTA ENERGY LLC	-	-		11.7500	-	0.4163	-	-		-
26	FT-1			TOTAL	-	-					\$ -	\$ -		\$ -

High Island Offshore System, L.L.C.
Test Period As Adjusted Transportation Revenues
For the Twelve Months Ended June 30, 2006, As Adjusted

Line No.	Rate Sched.	Month	Contract No.	Shipper	Reservation Quantity (Dth)	Commodity Quantity (Dth)	Authorized Overrun Volume	Reservation Rate	Commodity Rate	Overrun Rate	Reservation Revenue	Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	FT-1	July	7491	KERR MCGEE CORP	-	-		\$ 11.7500	\$ -	\$ 0.4163	\$ -	\$ -		\$ -
2	FT-1	August	7491	KERR MCGEE CORP	-	-		11.7500	-	0.4163	-	-		-
3	FT-1	September	7491	KERR MCGEE CORP	-	-		11.7500	-	0.4163	-	-		-
4	FT-1	October	7491	KERR MCGEE CORP	-	-		11.7500	-	0.4163	-	-		-
5	FT-1	November	7491	KERR MCGEE CORP	-	-		11.7500	-	0.4163	-	-		-
6	FT-1	December	7491	KERR MCGEE CORP	-	-		11.7500	-	0.4163	-	-		-
7	FT-1	January	7491	KERR MCGEE CORP	-	-		11.7500	-	0.4163	-	-		-
8	FT-1	February	7491	KERR MCGEE CORP	-	-		11.7500	-	0.4163	-	-		-
9	FT-1	March	7491	KERR MCGEE CORP	-	-		11.7500	-	0.4163	-	-		-
10	FT-1	April	7491	KERR MCGEE CORP	-	-		11.7500	-	0.4163	-	-		-
11	FT-1	May	7491	KERR MCGEE CORP	-	-		11.7500	-	0.4163	-	-		-
12	FT-1	June	7491	KERR MCGEE CORP	-	-		11.7500	-	0.4163	-	-		-
13	FT-1			TOTAL	-	-					\$ -	\$ -		\$ -
14	FT-1	July	7492	NEWFIELD EXPLORATION	-	-		\$ 11.7500	\$ -	\$ 0.4163	\$ -	\$ -		\$ -
15	FT-1	August	7492	NEWFIELD EXPLORATION	-	-		11.7500	-	0.4163	-	-		-
16	FT-1	September	7492	NEWFIELD EXPLORATION	-	-		11.7500	-	0.4163	-	-		-
17	FT-1	October	7492	NEWFIELD EXPLORATION	-	-		11.7500	-	0.4163	-	-		-
18	FT-1	November	7492	NEWFIELD EXPLORATION	-	-		11.7500	-	0.4163	-	-		-
19	FT-1	December	7492	NEWFIELD EXPLORATION	-	-		11.7500	-	0.4163	-	-		-
20	FT-1	January	7492	NEWFIELD EXPLORATION	-	-		11.7500	-	0.4163	-	-		-
21	FT-1	February	7492	NEWFIELD EXPLORATION	-	-		11.7500	-	0.4163	-	-		-
22	FT-1	March	7492	NEWFIELD EXPLORATION	-	-		11.7500	-	0.4163	-	-		-
23	FT-1	April	7492	NEWFIELD EXPLORATION	-	-		11.7500	-	0.4163	-	-		-
24	FT-1	May	7492	NEWFIELD EXPLORATION	-	-		11.7500	-	0.4163	-	-		-
25	FT-1	June	7492	NEWFIELD EXPLORATION	-	-		11.7500	-	0.4163	-	-		-
26	FT-1			TOTAL	-	-					\$ -	\$ -		\$ -
27				TOTAL FT-1	-	-					\$ -	\$ -		\$ -

High Island Offshore System, L.L.C.
Test Period As Adjusted Transportation Revenues
For the Twelve Months Ended June 30, 2006, As Adjusted

Line No.	Rate Sched.	Month	Contract No.	Shipper	Reservation Quantity (Dth)	Commodity Quantity (Dth)	Authorized Overrun Volume	Reservation Rate	Commodity Rate	Overrun Rate	Reservation Revenue	Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	FT-2	July	4855	BP ENERGY COMPANY	155,000		26,350	\$ 4.5625	\$ -	\$ 0.1500	\$ 23,250	\$ -	\$ 3,953	\$ 27,203
2	FT-2	August	4855	BP ENERGY COMPANY	155,000		26,350	4.5625	-	0.1500	23,250	-	3,953	27,203
3	FT-2	September	4855	BP ENERGY COMPANY	150,000		25,500	4.5625	-	0.1500	22,500	-	3,825	26,325
4	FT-2	October	4855	BP ENERGY COMPANY	155,000		26,350	4.5625	-	0.1500	23,250	-	3,953	27,203
5	FT-2	November	4855	BP ENERGY COMPANY	150,000		25,500	4.5625	-	0.1500	22,500	-	3,825	26,325
6	FT-2	December	4855	BP ENERGY COMPANY	155,000		26,350	4.5625	-	0.1500	23,250	-	3,953	27,203
7	FT-2	January	4855	BP ENERGY COMPANY	155,000		26,350	4.5625	-	0.1500	23,250	-	3,953	27,203
8	FT-2	February	4855	BP ENERGY COMPANY	140,000		23,800	4.5625	-	0.1500	21,000	-	3,570	24,570
9	FT-2	March	4855	BP ENERGY COMPANY	155,000		26,350	4.5625	-	0.1500	23,250	-	3,953	27,203
10	FT-2	April	4855	BP ENERGY COMPANY	150,000		25,500	4.5625	-	0.1500	22,500	-	3,825	26,325
11	FT-2	May	4855	BP ENERGY COMPANY	155,000		26,350	4.5625	-	0.1500	23,250	-	3,953	27,203
12	FT-2	June	4855	BP ENERGY COMPANY	150,000		25,500	4.5625	-	0.1500	22,500	-	3,825	26,325
13	FT-2			TOTAL	<u>1,825,000</u>	<u>-</u>	<u>310,250</u>				<u>\$ 273,750</u>	<u>\$ -</u>	<u>\$ 46,541</u>	<u>\$ 320,291</u>
14	FT-2	July	4856	EXXON MOBIL CORPORATION	2,201,000		374,170	\$ 4.5625	\$ -	\$ 0.1500	\$ 330,150	\$ -	\$ 56,126	\$ 386,276
15	FT-2	August	4856	EXXON MOBIL CORPORATION	2,201,000		374,170	4.5625	-	0.1500	330,150	-	56,126	386,276
16	FT-2	September	4856	EXXON MOBIL CORPORATION	2,130,000		362,100	4.5625	-	0.1500	319,500	-	54,315	373,815
17	FT-2	October	4856	EXXON MOBIL CORPORATION	2,201,000		374,170	4.5625	-	0.1500	330,150	-	56,126	386,276
18	FT-2	November	4856	EXXON MOBIL CORPORATION	2,130,000		362,100	4.5625	-	0.1500	319,500	-	54,315	373,815
19	FT-2	December	4856	EXXON MOBIL CORPORATION	2,201,000		374,170	4.5625	-	0.1500	330,150	-	56,126	386,276
20	FT-2	January	4856	EXXON MOBIL CORPORATION	2,201,000		374,170	4.5625	-	0.1500	330,150	-	56,126	386,276
21	FT-2	February	4856	EXXON MOBIL CORPORATION	1,988,000		337,960	4.5625	-	0.1500	298,200	-	50,694	348,894
22	FT-2	March	4856	EXXON MOBIL CORPORATION	2,201,000		374,170	4.5625	-	0.1500	330,150	-	56,126	386,276
23	FT-2	April	4856	EXXON MOBIL CORPORATION	2,130,000		362,100	4.5625	-	0.1500	319,500	-	54,315	373,815
24	FT-2	May	4856	EXXON MOBIL CORPORATION	2,201,000		374,170	4.5625	-	0.1500	330,150	-	56,126	386,276
25	FT-2	June	4856	EXXON MOBIL CORPORATION	2,130,000		362,100	4.5625	-	0.1500	319,500	-	54,315	373,815
26	FT-2			TOTAL	<u>25,915,000</u>	<u>-</u>	<u>4,405,550</u>				<u>\$ 3,887,250</u>	<u>\$ -</u>	<u>\$ 660,836</u>	<u>\$ 4,548,086</u>
27	FT-2			TOTAL FT-2	<u>27,740,000</u>	<u>-</u>	<u>4,715,800</u>				<u>\$ 4,161,000</u>	<u>\$ -</u>	<u>\$ 707,377</u>	<u>\$ 4,868,377</u>
28				TOTAL FIRM (FT-1 and FT-2)	<u>27,740,000</u>	<u>-</u>	<u>4,715,800</u>				<u>\$ 4,161,000</u>	<u>\$ -</u>	<u>\$ 707,377</u>	<u>\$ 4,868,377</u>

High Island Offshore System, L.L.C.
Test Period As Adjusted Transportation Revenues
For the Twelve Months Ended June 30, 2006, As Adjusted

Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	July	4697	ADAMS RESOURCES MKTG	23,872			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 6,990			\$ 6,990
2	IT	August	4697	ADAMS RESOURCES MKTG	42,000			0.2928	0.1171	0.2928	12,298			12,298
3	IT	September	4697	ADAMS RESOURCES MKTG	13,084			0.2928	0.1171	0.2928	3,831			3,831
4	IT	October	4697	ADAMS RESOURCES MKTG	8,022			0.2928	0.1171	0.2928	2,349			2,349
5	IT	November	4697	ADAMS RESOURCES MKTG	22,709			0.2928	0.1171	0.2928	6,649			6,649
6	IT	December	4697	ADAMS RESOURCES MKTG	22,839			0.2928	0.1171	0.2928	6,687			6,687
7	IT	January	4697	ADAMS RESOURCES MKTG	21,452			0.2928	0.1171	0.2928	6,281			6,281
8	IT	February	4697	ADAMS RESOURCES MKTG	16,774			0.2928	0.1171	0.2928	4,911			4,911
9	IT	March	4697	ADAMS RESOURCES MKTG	18,815			0.2928	0.1171	0.2928	5,509			5,509
10	IT	April	4697	ADAMS RESOURCES MKTG	17,841			0.2928	0.1171	0.2928	5,224			5,224
11	IT	May	4697	ADAMS RESOURCES MKTG	19,189			0.2928	0.1171	0.2928	5,619			5,619
12	IT	June	4697	ADAMS RESOURCES MKTG	17,814			0.2928	0.1171	0.2928	5,216			5,216
13	IT			TOTAL	244,411						\$ 71,564			\$ 71,564
14	IT	July	6005	APACHE CORP	656,460			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 192,211			\$ 192,211
15	IT	August	6005	APACHE CORP	728,029			0.2928	0.1171	0.2928	213,167			213,167
16	IT	September	6005	APACHE CORP	537,468			0.2928	0.1171	0.2928	157,371			157,371
17	IT	October	6005	APACHE CORP	214,345			0.2928	0.1171	0.2928	62,760			62,760
18	IT	November	6005	APACHE CORP	879,217			0.2928	0.1171	0.2928	257,435			257,435
19	IT	December	6005	APACHE CORP	840,095			0.2928	0.1171	0.2928	245,980			245,980
20	IT	January	6005	APACHE CORP	734,713			0.2928	0.1171	0.2928	215,124			215,124
21	IT	February	6005	APACHE CORP	538,656			0.2928	0.1171	0.2928	157,718			157,718
22	IT	March	6005	APACHE CORP	345,546			0.2928	0.1171	0.2928	101,176			101,176
23	IT	April	6005	APACHE CORP	248,822			0.2928	0.1171	0.2928	72,855			72,855
24	IT	May	6005	APACHE CORP	507,450			0.2928	0.1171	0.2928	148,581			148,581
25	IT	June	6005	APACHE CORP	420,346			0.2928	0.1171	0.2928	123,077			123,077
26	IT			TOTAL	6,651,147						\$ 1,947,455			\$ 1,947,455
27	IT	July	6719	ARENA ENERGY LLC (TRIUMPH ENERGY) 1/	24,878			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 7,284			\$ 7,284
28	IT	August	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	52,910			0.2928	0.1171	0.2928	15,492			15,492
29	IT	September	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	41,050			0.2928	0.1171	0.2928	12,019			12,019
30	IT	October	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	17,489			0.2928	0.1171	0.2928	5,121			5,121
31	IT	November	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	-			0.2928	0.1171	0.2928	-			-
32	IT	December	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	65,708			0.2928	0.1171	0.2928	19,239			19,239
33	IT	January	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	113,403			0.2928	0.1171	0.2928	33,204			33,204
34	IT	February	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	151,508			0.2928	0.1171	0.2928	44,362			44,362
35	IT	March	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	106,008			0.2928	0.1171	0.2928	31,039			31,039
36	IT	April	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	115,365			0.2928	0.1171	0.2928	33,779			33,779
37	IT	May	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	111,562			0.2928	0.1171	0.2928	32,665			32,665
38	IT	June	6719	ARENA ENERGY LLC (TRIUMPH ENERGY)	50,742			0.2928	0.1171	0.2928	14,857			14,857
39	IT			TOTAL	850,623						\$ 249,061			\$ 249,061

1/ Formerly Triumph Energy LLC. Name change effective January 2006.

High Island Offshore System, L.L.C.
Test Period As Adjusted Transportation Revenues
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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	July	4677	BP ENERGY COMPANY	277,288			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 81,190			\$ 81,190
2	IT	August	4677	BP ENERGY COMPANY	274,561			0.2928	0.1171	0.2928	80,391			80,391
3	IT	September	4677	BP ENERGY COMPANY	158,862			0.2928	0.1171	0.2928	46,515			46,515
4	IT	October	4677	BP ENERGY COMPANY	64,294			0.2928	0.1171	0.2928	18,825			18,825
5	IT	November	4677	BP ENERGY COMPANY	211,464			0.2928	0.1171	0.2928	61,917			61,917
6	IT	December	4677	BP ENERGY COMPANY	190,877			0.2928	0.1171	0.2928	55,889			55,889
7	IT	January	4677	BP ENERGY COMPANY	193,246			0.2928	0.1171	0.2928	56,582			56,582
8	IT	February	4677	BP ENERGY COMPANY	130,501			0.2928	0.1171	0.2928	38,211			38,211
9	IT	March	4677	BP ENERGY COMPANY	157,318			0.2928	0.1171	0.2928	46,063			46,063
10	IT	April	4677	BP ENERGY COMPANY	140,371			0.2928	0.1171	0.2928	41,101			41,101
11	IT	May	4677	BP ENERGY COMPANY	157,010			0.2928	0.1171	0.2928	45,973			45,973
12	IT	June	4677	BP ENERGY COMPANY	144,754			0.2928	0.1171	0.2928	42,384			42,384
13	IT			TOTAL	2,100,546						\$ 615,041			\$ 615,041
14	IT	July	4719	BP ENERGY COMPANY	-	5,148		\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ -	\$ 603		\$ 603
15	IT	August	4719	BP ENERGY COMPANY	-	4,550		0.2928	0.1171	0.2928	-	533		533
16	IT	September	4719	BP ENERGY COMPANY	24,062	2,740		0.2928	0.1171	0.2928	7,045	321		7,366
17	IT	October	4719	BP ENERGY COMPANY	14,059	4,995		0.2928	0.1171	0.2928	4,116	585		4,701
18	IT	November	4719	BP ENERGY COMPANY	587,665	37,186		0.2928	0.1171	0.2928	172,068	4,354		176,422
19	IT	December	4719	BP ENERGY COMPANY	533,548	35,549		0.2928	0.1171	0.2928	156,223	4,163		160,386
20	IT	January	4719	BP ENERGY COMPANY	461,538	43,121		0.2928	0.1171	0.2928	135,138	5,049		140,187
21	IT	February	4719	BP ENERGY COMPANY	-	-		0.2928	0.1171	0.2928	-	-		-
22	IT	March	4719	BP ENERGY COMPANY	-	-		0.2928	0.1171	0.2928	-	-		-
23	IT	April	4719	BP ENERGY COMPANY	-	-		0.2928	0.1171	0.2928	-	-		-
24	IT	May	4719	BP ENERGY COMPANY	-	-		0.2928	0.1171	0.2928	-	-		-
25	IT	June	4719	BP ENERGY COMPANY	-	-		0.2928	0.1171	0.2928	-	-		-
26	IT			TOTAL	1,620,872	133,289					\$ 474,590	\$ 15,608		\$ 490,198
27	IT	July	6006	BP ENERGY COMPANY	640,141	-		\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 187,433	\$ -		\$ 187,433
28	IT	August	6006	BP ENERGY COMPANY	591,608	-		0.2928	0.1171	0.2928	173,223	-		173,223
29	IT	September	6006	BP ENERGY COMPANY	382,961	2,480		0.2928	0.1171	0.2928	112,131	290		112,421
30	IT	October	6006	BP ENERGY COMPANY	157,182	15,360		0.2928	0.1171	0.2928	46,023	1,799		47,822
31	IT	November	6006	BP ENERGY COMPANY	-	-		0.2928	0.1171	0.2928	-	-		-
32	IT	December	6006	BP ENERGY COMPANY	-	-		0.2928	0.1171	0.2928	-	-		-
33	IT	January	6006	BP ENERGY COMPANY	-	-		0.2928	0.1171	0.2928	-	-		-
34	IT	February	6006	BP ENERGY COMPANY	-	-		0.2928	0.1171	0.2928	-	-		-
35	IT	March	6006	BP ENERGY COMPANY	-	-		0.2928	0.1171	0.2928	-	-		-
36	IT	April	6006	BP ENERGY COMPANY	-	-		0.2928	0.1171	0.2928	-	-		-
37	IT	May	6006	BP ENERGY COMPANY	-	-		0.2928	0.1171	0.2928	-	-		-
38	IT	June	6006	BP ENERGY COMPANY	-	-		0.2928	0.1171	0.2928	-	-		-
39	IT			TOTAL	1,771,892	17,840					\$ 518,810	\$ 2,089		\$ 520,899

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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	July	4681	CHEVRON USA INC	1,020,428	-		\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 298,781	\$ -		\$ 298,781
2	IT	August	4681	CHEVRON USA INC	980,162	-		0.2928	0.1171	0.2928	286,991	-		286,991
3	IT	September	4681	CHEVRON USA INC	650,183	-		0.2928	0.1171	0.2928	190,374	-		190,374
4	IT	October	4681	CHEVRON USA INC	331,708	-		0.2928	0.1171	0.2928	97,124	-		97,124
5	IT	November	4681	CHEVRON USA INC	1,704,130	-		0.2928	0.1171	0.2928	498,969	-		498,969
6	IT	December	4681	CHEVRON USA INC	1,452,907	-		0.2928	0.1171	0.2928	425,411	-		425,411
7	IT	January	4681	CHEVRON USA INC	1,430,941	-		0.2928	0.1171	0.2928	418,980	-		418,980
8	IT	February	4681	CHEVRON USA INC	1,171,368	-		0.2928	0.1171	0.2928	342,977	-		342,977
9	IT	March	4681	CHEVRON USA INC	1,237,213	-		0.2928	0.1171	0.2928	362,256	-		362,256
10	IT	April	4681	CHEVRON USA INC	1,132,732	18,579		0.2928	0.1171	0.2928	331,664	2,176		333,840
11	IT	May	4681	CHEVRON USA INC	1,137,896	18,441		0.2928	0.1171	0.2928	333,176	2,159		335,335
12	IT	June	4681	CHEVRON USA INC	989,182	5,506		0.2928	0.1171	0.2928	289,632	645		290,277
13	IT			TOTAL	13,238,850	42,526					\$ 3,876,335	\$ 4,980		\$ 3,881,315
14	IT	July	5463	CIMA ENERGY LLC	3,272			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 958			\$ 958
15	IT	August	5463	CIMA ENERGY LLC	3,914			0.2928	0.1171	0.2928	1,146			1,146
16	IT	September	5463	CIMA ENERGY LLC	3,993			0.2928	0.1171	0.2928	1,169			1,169
17	IT	October	5463	CIMA ENERGY LLC	761			0.2928	0.1171	0.2928	223			223
18	IT	November	5463	CIMA ENERGY LLC	-			0.2928	0.1171	0.2928	-			-
19	IT	December	5463	CIMA ENERGY LLC	-			0.2928	0.1171	0.2928	-			-
20	IT	January	5463	CIMA ENERGY LLC	-			0.2928	0.1171	0.2928	-			-
21	IT	February	5463	CIMA ENERGY LLC	-			0.2928	0.1171	0.2928	-			-
22	IT	March	5463	CIMA ENERGY LLC	-			0.2928	0.1171	0.2928	-			-
23	IT	April	5463	CIMA ENERGY LLC	-			0.2928	0.1171	0.2928	-			-
24	IT	May	5463	CIMA ENERGY LLC	-			0.2928	0.1171	0.2928	-			-
25	IT	June	5463	CIMA ENERGY LLC	-			0.2928	0.1171	0.2928	-			-
26	IT			TOTAL	11,940						\$ 3,496			\$ 3,496
27	IT	July	4693	CINERGY MARKETING & TRADING LP	51,062			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 14,951			\$ 14,951
28	IT	August	4693	CINERGY MARKETING & TRADING LP	44,731			0.2928	0.1171	0.2928	13,097			13,097
29	IT	September	4693	CINERGY MARKETING & TRADING LP	34,547			0.2928	0.1171	0.2928	10,115			10,115
30	IT	October	4693	CINERGY MARKETING & TRADING LP	27,317			0.2928	0.1171	0.2928	7,998			7,998
31	IT	November	4693	CINERGY MARKETING & TRADING LP	46,658			0.2928	0.1171	0.2928	13,661			13,661
32	IT	December	4693	CINERGY MARKETING & TRADING LP	88,971			0.2928	0.1171	0.2928	26,051			26,051
33	IT	January	4693	CINERGY MARKETING & TRADING LP	119,974			0.2928	0.1171	0.2928	35,128			35,128
34	IT	February	4693	CINERGY MARKETING & TRADING LP	106,125			0.2928	0.1171	0.2928	31,073			31,073
35	IT	March	4693	CINERGY MARKETING & TRADING LP	51,007			0.2928	0.1171	0.2928	14,935			14,935
36	IT	April	4693	CINERGY MARKETING & TRADING LP	54,404			0.2928	0.1171	0.2928	15,929			15,929
37	IT	May	4693	CINERGY MARKETING & TRADING LP	47,764			0.2928	0.1171	0.2928	13,985			13,985
38	IT	June	4693	CINERGY MARKETING & TRADING LP	40,976			0.2928	0.1171	0.2928	11,998			11,998
39	IT			TOTAL	713,536						\$ 208,921			\$ 208,921

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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	July	6033	CINERGY MARKETING & TRADING LP	64,908			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 19,005			\$ 19,005
2	IT	August	6033	CINERGY MARKETING & TRADING LP	47,658			0.2928	0.1171	0.2928	13,954			13,954
3	IT	September	6033	CINERGY MARKETING & TRADING LP	23,392			0.2928	0.1171	0.2928	6,849			6,849
4	IT	October	6033	CINERGY MARKETING & TRADING LP	17,408			0.2928	0.1171	0.2928	5,097			5,097
5	IT	November	6033	CINERGY MARKETING & TRADING LP	61,976			0.2928	0.1171	0.2928	18,147			18,147
6	IT	December	6033	CINERGY MARKETING & TRADING LP	62,954			0.2928	0.1171	0.2928	18,433			18,433
7	IT	January	6033	CINERGY MARKETING & TRADING LP	49,388			0.2928	0.1171	0.2928	14,461			14,461
8	IT	February	6033	CINERGY MARKETING & TRADING LP	45,415			0.2928	0.1171	0.2928	13,298			13,298
9	IT	March	6033	CINERGY MARKETING & TRADING LP	53,407			0.2928	0.1171	0.2928	15,638			15,638
10	IT	April	6033	CINERGY MARKETING & TRADING LP	43,381			0.2928	0.1171	0.2928	12,702			12,702
11	IT	May	6033	CINERGY MARKETING & TRADING LP	26,448			0.2928	0.1171	0.2928	7,744			7,744
12	IT	June	6033	CINERGY MARKETING & TRADING LP	32,305			0.2928	0.1171	0.2928	9,459			9,459
13	IT			TOTAL	528,640						\$ 154,787			\$ 154,787
14	IT	July	5688	COKINOS NATURAL GAS COMPANY	132,473			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 38,788			\$ 38,788
15	IT	August	5688	COKINOS NATURAL GAS COMPANY	111,581			0.2928	0.1171	0.2928	32,671			32,671
16	IT	September	5688	COKINOS NATURAL GAS COMPANY	75,486			0.2928	0.1171	0.2928	22,102			22,102
17	IT	October	5688	COKINOS NATURAL GAS COMPANY	7,253			0.2928	0.1171	0.2928	2,124			2,124
18	IT	November	5688	COKINOS NATURAL GAS COMPANY	67,302			0.2928	0.1171	0.2928	19,706			19,706
19	IT	December	5688	COKINOS NATURAL GAS COMPANY	104,052			0.2928	0.1171	0.2928	30,466			30,466
20	IT	January	5688	COKINOS NATURAL GAS COMPANY	93,886			0.2928	0.1171	0.2928	27,490			27,490
21	IT	February	5688	COKINOS NATURAL GAS COMPANY	77,434			0.2928	0.1171	0.2928	22,673			22,673
22	IT	March	5688	COKINOS NATURAL GAS COMPANY	74,069			0.2928	0.1171	0.2928	21,687			21,687
23	IT	April	5688	COKINOS NATURAL GAS COMPANY	63,400			0.2928	0.1171	0.2928	18,564			18,564
24	IT	May	5688	COKINOS NATURAL GAS COMPANY	59,958			0.2928	0.1171	0.2928	17,556			17,556
25	IT	June	5688	COKINOS NATURAL GAS COMPANY	40,573			0.2928	0.1171	0.2928	11,880			11,880
26	IT			TOTAL	907,467						\$ 265,707			\$ 265,707
27	IT	July	6892	DELTA ENERGY LLC	18,966			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 5,553			\$ 5,553
28	IT	August	6892	DELTA ENERGY LLC	5,958			0.2928	0.1171	0.2928	1,745			1,745
29	IT	September	6892	DELTA ENERGY LLC	16,642			0.2928	0.1171	0.2928	4,873			4,873
30	IT	October	6892	DELTA ENERGY LLC	90,627			0.2928	0.1171	0.2928	26,536			26,536
31	IT	November	6892	DELTA ENERGY LLC	365,608			0.2928	0.1171	0.2928	107,050			107,050
32	IT	December	6892	DELTA ENERGY LLC	293,605			0.2928	0.1171	0.2928	85,968			85,968
33	IT	January	6892	DELTA ENERGY LLC	224,658			0.2928	0.1171	0.2928	65,780			65,780
34	IT	February	6892	DELTA ENERGY LLC	166,071			0.2928	0.1171	0.2928	48,626			48,626
35	IT	March	6892	DELTA ENERGY LLC	169,452			0.2928	0.1171	0.2928	49,616			49,616
36	IT	April	6892	DELTA ENERGY LLC	63,511			0.2928	0.1171	0.2928	18,596			18,596
37	IT	May	6892	DELTA ENERGY LLC	35,325			0.2928	0.1171	0.2928	10,343			10,343
38	IT	June	6892	DELTA ENERGY LLC	234,724			0.2928	0.1171	0.2928	68,727			68,727
39	IT			TOTAL	1,685,147						\$ 493,413			\$ 493,413

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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	July	4883	DEVON ENERGY PRODUCTION CO LP	493,777			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 144,578			\$ 144,578
2	IT	August	4883	DEVON ENERGY PRODUCTION CO LP	596,442			0.2928	0.1171	0.2928	174,638			174,638
3	IT	September	4883	DEVON ENERGY PRODUCTION CO LP	400,029			0.2928	0.1171	0.2928	117,128			117,128
4	IT	October	4883	DEVON ENERGY PRODUCTION CO LP	193,599			0.2928	0.1171	0.2928	56,686			56,686
5	IT	November	4883	DEVON ENERGY PRODUCTION CO LP	583,721			0.2928	0.1171	0.2928	170,914			170,914
6	IT	December	4883	DEVON ENERGY PRODUCTION CO LP	568,798			0.2928	0.1171	0.2928	166,544			166,544
7	IT	January	4883	DEVON ENERGY PRODUCTION CO LP	577,230			0.2928	0.1171	0.2928	169,013			169,013
8	IT	February	4883	DEVON ENERGY PRODUCTION CO LP	506,470			0.2928	0.1171	0.2928	148,294			148,294
9	IT	March	4883	DEVON ENERGY PRODUCTION CO LP	553,151			0.2928	0.1171	0.2928	161,963			161,963
10	IT	April	4883	DEVON ENERGY PRODUCTION CO LP	505,166			0.2928	0.1171	0.2928	147,913			147,913
11	IT	May	4883	DEVON ENERGY PRODUCTION CO LP	492,467			0.2928	0.1171	0.2928	144,194			144,194
12	IT	June	4883	DEVON ENERGY PRODUCTION CO LP	408,147			0.2928	0.1171	0.2928	119,505			119,505
13	IT			TOTAL	5,878,997						\$ 1,721,370			\$ 1,721,370
14	IT	July	6388	DEVON LOUISIANA CORPORATION	16,035			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 4,695			\$ 4,695
15	IT	August	6388	DEVON LOUISIANA CORPORATION	11,526			0.2928	0.1171	0.2928	3,375			3,375
16	IT	September	6388	DEVON LOUISIANA CORPORATION	10,598			0.2928	0.1171	0.2928	3,103			3,103
17	IT	October	6388	DEVON LOUISIANA CORPORATION	638			0.2928	0.1171	0.2928	187			187
18	IT	November	6388	DEVON LOUISIANA CORPORATION	13,898			0.2928	0.1171	0.2928	4,069			4,069
19	IT	December	6388	DEVON LOUISIANA CORPORATION	-			0.2928	0.1171	0.2928	-			-
20	IT	January	6388	DEVON LOUISIANA CORPORATION	-			0.2928	0.1171	0.2928	-			-
21	IT	February	6388	DEVON LOUISIANA CORPORATION	-			0.2928	0.1171	0.2928	-			-
22	IT	March	6388	DEVON LOUISIANA CORPORATION	-			0.2928	0.1171	0.2928	-			-
23	IT	April	6388	DEVON LOUISIANA CORPORATION	-			0.2928	0.1171	0.2928	-			-
24	IT	May	6388	DEVON LOUISIANA CORPORATION	-			0.2928	0.1171	0.2928	-			-
25	IT	June	6388	DEVON LOUISIANA CORPORATION	-			0.2928	0.1171	0.2928	-			-
26	IT			TOTAL	52,695						\$ 15,429			\$ 15,429
27	IT	July	4674	DOMINION EXPLORATION & PRODUCTION INC	-			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ -			\$ -
28	IT	August	4674	DOMINION EXPLORATION & PRODUCTION INC	-			0.2928	0.1171	0.2928	-			-
29	IT	September	4674	DOMINION EXPLORATION & PRODUCTION INC	-			0.2928	0.1171	0.2928	-			-
30	IT	October	4674	DOMINION EXPLORATION & PRODUCTION INC	-			0.2928	0.1171	0.2928	-			-
31	IT	November	4674	DOMINION EXPLORATION & PRODUCTION INC	89,544			0.2928	0.1171	0.2928	26,218			26,218
32	IT	December	4674	DOMINION EXPLORATION & PRODUCTION INC	135,806			0.2928	0.1171	0.2928	39,764			39,764
33	IT	January	4674	DOMINION EXPLORATION & PRODUCTION INC	149,684			0.2928	0.1171	0.2928	43,827			43,827
34	IT	February	4674	DOMINION EXPLORATION & PRODUCTION INC	102,317			0.2928	0.1171	0.2928	29,958			29,958
35	IT	March	4674	DOMINION EXPLORATION & PRODUCTION INC	-			0.2928	0.1171	0.2928	-			-
36	IT	April	4674	DOMINION EXPLORATION & PRODUCTION INC	-			0.2928	0.1171	0.2928	-			-
37	IT	May	4674	DOMINION EXPLORATION & PRODUCTION INC	-			0.2928	0.1171	0.2928	-			-
38	IT	June	4674	DOMINION EXPLORATION & PRODUCTION INC	-			0.2928	0.1171	0.2928	-			-
39	IT			TOTAL	477,351						\$ 139,767			\$ 139,767

High Island Offshore System, L.L.C.
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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	July	4679	EL PASO E&P COMPANY LP	16,429			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 4,810			\$ 4,810
2	IT	August	4679	EL PASO E&P COMPANY LP	17,071			0.2928	0.1171	0.2928	4,998			4,998
3	IT	September	4679	EL PASO E&P COMPANY LP	11,993			0.2928	0.1171	0.2928	3,512			3,512
4	IT	October	4679	EL PASO E&P COMPANY LP	14			0.2928	0.1171	0.2928	4			4
5	IT	November	4679	EL PASO E&P COMPANY LP	25			0.2928	0.1171	0.2928	7			7
6	IT	December	4679	EL PASO E&P COMPANY LP	26			0.2928	0.1171	0.2928	8			8
7	IT	January	4679	EL PASO E&P COMPANY LP	-			0.2928	0.1171	0.2928	-			-
8	IT	February	4679	EL PASO E&P COMPANY LP	-			0.2928	0.1171	0.2928	-			-
9	IT	March	4679	EL PASO E&P COMPANY LP	-			0.2928	0.1171	0.2928	-			-
10	IT	April	4679	EL PASO E&P COMPANY LP	-			0.2928	0.1171	0.2928	-			-
11	IT	May	4679	EL PASO E&P COMPANY LP	-			0.2928	0.1171	0.2928	-			-
12	IT	June	4679	EL PASO E&P COMPANY LP	-			0.2928	0.1171	0.2928	-			-
13	IT			TOTAL	45,558						\$ 13,339			\$ 13,339
14	IT	July	5622	EL PASO PRODUCTION OIL & GAS COMPANY	670,661			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 196,370			\$ 196,370
15	IT	August	5622	EL PASO PRODUCTION OIL & GAS COMPANY	602,418			0.2928	0.1171	0.2928	176,388			176,388
16	IT	September	5622	EL PASO PRODUCTION OIL & GAS COMPANY	346,250			0.2928	0.1171	0.2928	101,382			101,382
17	IT	October	5622	EL PASO PRODUCTION OIL & GAS COMPANY	71,078			0.2928	0.1171	0.2928	20,812			20,812
18	IT	November	5622	EL PASO PRODUCTION OIL & GAS COMPANY	529,159			0.2928	0.1171	0.2928	154,938			154,938
19	IT	December	5622	EL PASO PRODUCTION OIL & GAS COMPANY	593,471			0.2928	0.1171	0.2928	173,768			173,768
20	IT	January	5622	EL PASO PRODUCTION OIL & GAS COMPANY	559,062			0.2928	0.1171	0.2928	163,693			163,693
21	IT	February	5622	EL PASO PRODUCTION OIL & GAS COMPANY	533,725			0.2928	0.1171	0.2928	156,275			156,275
22	IT	March	5622	EL PASO PRODUCTION OIL & GAS COMPANY	580,784			0.2928	0.1171	0.2928	170,054			170,054
23	IT	April	5622	EL PASO PRODUCTION OIL & GAS COMPANY	444,334			0.2928	0.1171	0.2928	130,101			130,101
24	IT	May	5622	EL PASO PRODUCTION OIL & GAS COMPANY	502,547			0.2928	0.1171	0.2928	147,146			147,146
25	IT	June	5622	EL PASO PRODUCTION OIL & GAS COMPANY	471,650			0.2928	0.1171	0.2928	138,099			138,099
26	IT			TOTAL	5,905,139						\$ 1,729,026			\$ 1,729,026
27	IT	July	5402	HUNT CHIEFTAIN DEVELOPMENT LP	112,576			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 32,962			\$ 32,962
28	IT	August	5402	HUNT CHIEFTAIN DEVELOPMENT LP	66,324			0.2928	0.1171	0.2928	19,420			19,420
29	IT	September	5402	HUNT CHIEFTAIN DEVELOPMENT LP	59,362			0.2928	0.1171	0.2928	17,381			17,381
30	IT	October	5402	HUNT CHIEFTAIN DEVELOPMENT LP	26,762			0.2928	0.1171	0.2928	7,836			7,836
31	IT	November	5402	HUNT CHIEFTAIN DEVELOPMENT LP	55,640			0.2928	0.1171	0.2928	16,291			16,291
32	IT	December	5402	HUNT CHIEFTAIN DEVELOPMENT LP	87,461			0.2928	0.1171	0.2928	25,609			25,609
33	IT	January	5402	HUNT CHIEFTAIN DEVELOPMENT LP	56,994			0.2928	0.1171	0.2928	16,688			16,688
34	IT	February	5402	HUNT CHIEFTAIN DEVELOPMENT LP	48,943			0.2928	0.1171	0.2928	14,331			14,331
35	IT	March	5402	HUNT CHIEFTAIN DEVELOPMENT LP	67,140			0.2928	0.1171	0.2928	19,659			19,659
36	IT	April	5402	HUNT CHIEFTAIN DEVELOPMENT LP	83,406			0.2928	0.1171	0.2928	24,421			24,421
37	IT	May	5402	HUNT CHIEFTAIN DEVELOPMENT LP	50,909			0.2928	0.1171	0.2928	14,906			14,906
38	IT	June	5402	HUNT CHIEFTAIN DEVELOPMENT LP	46,022			0.2928	0.1171	0.2928	13,475			13,475
39	IT			TOTAL	761,539						\$ 222,979			\$ 222,979

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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	July	6275	HUNT PETROLEUM AEC INC	35,107			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 10,280			\$ 10,280
2	IT	August	6275	HUNT PETROLEUM AEC INC	33,604			0.2928	0.1171	0.2928	9,840			9,840
3	IT	September	6275	HUNT PETROLEUM AEC INC	17,775			0.2928	0.1171	0.2928	5,205			5,205
4	IT	October	6275	HUNT PETROLEUM AEC INC	15,038			0.2928	0.1171	0.2928	4,403			4,403
5	IT	November	6275	HUNT PETROLEUM AEC INC	28,449			0.2928	0.1171	0.2928	8,331			8,331
6	IT	December	6275	HUNT PETROLEUM AEC INC	27,360			0.2928	0.1171	0.2928	8,011			8,011
7	IT	January	6275	HUNT PETROLEUM AEC INC	27,917			0.2928	0.1171	0.2928	8,174			8,174
8	IT	February	6275	HUNT PETROLEUM AEC INC	23,769			0.2928	0.1171	0.2928	6,960			6,960
9	IT	March	6275	HUNT PETROLEUM AEC INC	26,866			0.2928	0.1171	0.2928	7,866			7,866
10	IT	April	6275	HUNT PETROLEUM AEC INC	21,333			0.2928	0.1171	0.2928	6,246			6,246
11	IT	May	6275	HUNT PETROLEUM AEC INC	21,215			0.2928	0.1171	0.2928	6,212			6,212
12	IT	June	6275	HUNT PETROLEUM AEC INC	22,555			0.2928	0.1171	0.2928	6,604			6,604
13	IT			TOTAL	300,988						\$ 88,132			\$ 88,132
14	IT	July	6275	HUNT PETROLEUM AEC INC	254,615			\$ 0.1244		\$ 0.1244	\$ 31,674			\$ 31,674
15	IT	August	6275	HUNT PETROLEUM AEC INC	229,189			0.1244		0.1244	28,512			28,512
16	IT	September	6275	HUNT PETROLEUM AEC INC	196,102			0.1244		0.1244	24,395			24,395
17	IT	October	6275	HUNT PETROLEUM AEC INC	128,628			0.1244		0.1244	16,001			16,001
18	IT	November	6275	HUNT PETROLEUM AEC INC	239,335			0.1244		0.1244	29,774			29,774
19	IT	December	6275	HUNT PETROLEUM AEC INC	188,228			0.1244		0.1244	23,416			23,416
20	IT	January	6275	HUNT PETROLEUM AEC INC	159,866			0.1244		0.1244	19,887			19,887
21	IT	February	6275	HUNT PETROLEUM AEC INC	110,001			0.1244		0.1244	13,684			13,684
22	IT	March	6275	HUNT PETROLEUM AEC INC	111,460			0.1244		0.1244	13,866			13,866
23	IT	April	6275	HUNT PETROLEUM AEC INC	70,396			0.1244		0.1244	8,757			8,757
24	IT	May	6275	HUNT PETROLEUM AEC INC	62,865			0.1244		0.1244	7,820			7,820
25	IT	June	6275	HUNT PETROLEUM AEC INC	52,219			0.1244		0.1244	6,496			6,496
26	IT			TOTAL	1,802,904						\$ 224,282			\$ 224,282
27	IT	July	6870	HUNT PETROLEUM CORPORATION	202,760			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 59,368			\$ 59,368
28	IT	August	6870	HUNT PETROLEUM CORPORATION	166,801			0.2928	0.1171	0.2928	48,839			48,839
29	IT	September	6870	HUNT PETROLEUM CORPORATION	128,647			0.2928	0.1171	0.2928	37,668			37,668
30	IT	October	6870	HUNT PETROLEUM CORPORATION	106,429			0.2928	0.1171	0.2928	31,162			31,162
31	IT	November	6870	HUNT PETROLEUM CORPORATION	189,606			0.2928	0.1171	0.2928	55,517			55,517
32	IT	December	6870	HUNT PETROLEUM CORPORATION	177,260			0.2928	0.1171	0.2928	51,902			51,902
33	IT	January	6870	HUNT PETROLEUM CORPORATION	156,215			0.2928	0.1171	0.2928	45,740			45,740
34	IT	February	6870	HUNT PETROLEUM CORPORATION	150,125			0.2928	0.1171	0.2928	43,957			43,957
35	IT	March	6870	HUNT PETROLEUM CORPORATION	169,211			0.2928	0.1171	0.2928	49,545			49,545
36	IT	April	6870	HUNT PETROLEUM CORPORATION	154,171			0.2928	0.1171	0.2928	45,141			45,141
37	IT	May	6870	HUNT PETROLEUM CORPORATION	109,718			0.2928	0.1171	0.2928	32,125			32,125
38	IT	June	6870	HUNT PETROLEUM CORPORATION	129,871			0.2928	0.1171	0.2928	38,026			38,026
39	IT			TOTAL	1,840,814						\$ 538,990			\$ 538,990

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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	July	4895	KERR MCGEE CORP	-			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ -			\$ -
2	IT	August	4895	KERR MCGEE CORP	308,204			0.2928	0.1171	0.2928	90,242			90,242
3	IT	September	4895	KERR MCGEE CORP	-			0.2928	0.1171	0.2928	-			-
4	IT	October	4895	KERR MCGEE CORP	-			0.2928	0.1171	0.2928	-			-
5	IT	November	4895	KERR MCGEE CORP	-			0.2928	0.1171	0.2928	-			-
6	IT	December	4895	KERR MCGEE CORP	33,903			0.2928	0.1171	0.2928	9,927			9,927
7	IT	January	4895	KERR MCGEE CORP	-			0.2928	0.1171	0.2928	-			-
8	IT	February	4895	KERR MCGEE CORP	-			0.2928	0.1171	0.2928	-			-
9	IT	March	4895	KERR MCGEE CORP	-			0.2928	0.1171	0.2928	-			-
10	IT	April	4895	KERR MCGEE CORP	-			0.2928	0.1171	0.2928	-			-
11	IT	May	4895	KERR MCGEE CORP	-			0.2928	0.1171	0.2928	-			-
12	IT	June	4895	KERR MCGEE CORP	-			0.2928	0.1171	0.2928	-			-
13	IT			TOTAL	342,107						\$ 100,169			\$ 100,169
14	IT	July	7044	LLOG EXPLORATION OFFSHORE INC	21,354			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 6,252			\$ 6,252
15	IT	August	7044	LLOG EXPLORATION OFFSHORE INC	-			0.2928	0.1171	0.2928	-			-
16	IT	September	7044	LLOG EXPLORATION OFFSHORE INC	-			0.2928	0.1171	0.2928	-			-
17	IT	October	7044	LLOG EXPLORATION OFFSHORE INC	-			0.2928	0.1171	0.2928	-			-
18	IT	November	7044	LLOG EXPLORATION OFFSHORE INC	-			0.2928	0.1171	0.2928	-			-
19	IT	December	7044	LLOG EXPLORATION OFFSHORE INC	-			0.2928	0.1171	0.2928	-			-
20	IT	January	7044	LLOG EXPLORATION OFFSHORE INC	-			0.2928	0.1171	0.2928	-			-
21	IT	February	7044	LLOG EXPLORATION OFFSHORE INC	-			0.2928	0.1171	0.2928	-			-
22	IT	March	7044	LLOG EXPLORATION OFFSHORE INC	-			0.2928	0.1171	0.2928	-			-
23	IT	April	7044	LLOG EXPLORATION OFFSHORE INC	-			0.2928	0.1171	0.2928	-			-
24	IT	May	7044	LLOG EXPLORATION OFFSHORE INC	-			0.2928	0.1171	0.2928	-			-
25	IT	June	7044	LLOG EXPLORATION OFFSHORE INC	-			0.2928	0.1171	0.2928	-			-
26	IT			TOTAL	21,354						\$ 6,252			\$ 6,252
27	IT	July	5438	LOUIS DREYFUS ENERGY SERVICES LP	1,320,953	131,212		\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 386,775	\$ 15,365		\$ 402,140
28	IT	August	5438	LOUIS DREYFUS ENERGY SERVICES LP	1,626,560	145,877		0.2928	0.1171	0.2928	476,257	17,082		493,339
29	IT	September	5438	LOUIS DREYFUS ENERGY SERVICES LP	920,305	47,410		0.2928	0.1171	0.2928	269,465	5,552		275,017
30	IT	October	5438	LOUIS DREYFUS ENERGY SERVICES LP	662,432	2,992		0.2928	0.1171	0.2928	193,960	350		194,310
31	IT	November	5438	LOUIS DREYFUS ENERGY SERVICES LP	1,525,218	59,941		0.2928	0.1171	0.2928	446,584	7,019		453,603
32	IT	December	5438	LOUIS DREYFUS ENERGY SERVICES LP	1,250,184	88,783		0.2928	0.1171	0.2928	366,054	10,396		376,450
33	IT	January	5438	LOUIS DREYFUS ENERGY SERVICES LP	967,872	87,910		0.2928	0.1171	0.2928	283,393	10,294		293,687
34	IT	February	5438	LOUIS DREYFUS ENERGY SERVICES LP	801,493	109,808		0.2928	0.1171	0.2928	234,677	12,859		247,536
35	IT	March	5438	LOUIS DREYFUS ENERGY SERVICES LP	985,978	99,070		0.2928	0.1171	0.2928	288,694	11,601		300,295
36	IT	April	5438	LOUIS DREYFUS ENERGY SERVICES LP	1,544,526	169,720		0.2928	0.1171	0.2928	452,237	19,874		472,111
37	IT	May	5438	LOUIS DREYFUS ENERGY SERVICES LP	2,028,549	204,224		0.2928	0.1171	0.2928	593,959	23,915		617,874
38	IT	June	5438	LOUIS DREYFUS ENERGY SERVICES LP	1,536,999	153,304		0.2928	0.1171	0.2928	450,033	17,952		467,985
39	IT			TOTAL	15,171,069	1,300,251					\$ 4,442,088	\$ 152,259		\$ 4,594,347

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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	July	6157	LOUIS DREYFUS ENERGY SERVICES LP	548,621	35,419		\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 160,636	\$ 4,148		\$ 164,784
2	IT	August	6157	LOUIS DREYFUS ENERGY SERVICES LP	390,952	34,751		0.2928	0.1171	0.2928	114,471	4,069		118,540
3	IT	September	6157	LOUIS DREYFUS ENERGY SERVICES LP	186,956	21,616		0.2928	0.1171	0.2928	54,741	2,531		57,272
4	IT	October	6157	LOUIS DREYFUS ENERGY SERVICES LP	78,034	-		0.2928	0.1171	0.2928	22,848	-		22,848
5	IT	November	6157	LOUIS DREYFUS ENERGY SERVICES LP	210,831	11,264		0.2928	0.1171	0.2928	61,731	1,319		63,050
6	IT	December	6157	LOUIS DREYFUS ENERGY SERVICES LP	208,367	26,776		0.2928	0.1171	0.2928	61,010	3,135		64,145
7	IT	January	6157	LOUIS DREYFUS ENERGY SERVICES LP	192,402	28,154		0.2928	0.1171	0.2928	56,335	3,297		59,632
8	IT	February	6157	LOUIS DREYFUS ENERGY SERVICES LP	160,967	26,653		0.2928	0.1171	0.2928	47,131	3,121		50,252
9	IT	March	6157	LOUIS DREYFUS ENERGY SERVICES LP	142,061	25,814		0.2928	0.1171	0.2928	41,595	3,023		44,618
10	IT	April	6157	LOUIS DREYFUS ENERGY SERVICES LP	88,967	39,974		0.2928	0.1171	0.2928	26,050	4,681		30,731
11	IT	May	6157	LOUIS DREYFUS ENERGY SERVICES LP	197,235	51,043		0.2928	0.1171	0.2928	57,750	5,977		63,727
12	IT	June	6157	LOUIS DREYFUS ENERGY SERVICES LP	204,934	47,849		0.2928	0.1171	0.2928	60,005	5,603		65,608
13	IT			TOTAL	2,610,327	349,313					\$ 764,303	\$ 40,904		\$ 805,207
14	IT	July	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ -	\$ -		\$ -
15	IT	August	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.2928	0.1171	0.2928	-	-		-
16	IT	September	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.2928	0.1171	0.2928	-	-		-
17	IT	October	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.2928	0.1171	0.2928	-	-		-
18	IT	November	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.2928	0.1171	0.2928	-	-		-
19	IT	December	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.2928	0.1171	0.2928	-	-		-
20	IT	January	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.2928	0.1171	0.2928	-	-		-
21	IT	February	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.2928	0.1171	0.2928	-	-		-
22	IT	March	6259	LOUIS DREYFUS ENERGY SERVICES LP	-	-		0.2928	0.1171	0.2928	-	-		-
23	IT	April	6259	LOUIS DREYFUS ENERGY SERVICES LP	566,218	56,315		0.2928	0.1171	0.2928	165,789	6,594		172,383
24	IT	May	6259	LOUIS DREYFUS ENERGY SERVICES LP	623,320	58,026		0.2928	0.1171	0.2928	182,508	6,795		189,303
25	IT	June	6259	LOUIS DREYFUS ENERGY SERVICES LP	547,146	48,587		0.2928	0.1171	0.2928	160,204	5,690		165,894
26	IT			TOTAL	1,736,684	162,928					\$ 508,501	\$ 19,079		\$ 527,580
27	IT	July	6018	MAGNUM HUNTER PRODUCTION INC	-	90,389		\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ -	\$ 10,585		\$ 10,585
28	IT	August	6018	MAGNUM HUNTER PRODUCTION INC	-	43,757		0.2928	0.1171	0.2928	-	5,124		5,124
29	IT	September	6018	MAGNUM HUNTER PRODUCTION INC	-	20,713		0.2928	0.1171	0.2928	-	2,425		2,425
30	IT	October	6018	MAGNUM HUNTER PRODUCTION INC	-	67,376		0.2928	0.1171	0.2928	-	7,890		7,890
31	IT	November	6018	MAGNUM HUNTER PRODUCTION INC	-	88,627		0.2928	0.1171	0.2928	-	10,378		10,378
32	IT	December	6018	MAGNUM HUNTER PRODUCTION INC	-	99,595		0.2928	0.1171	0.2928	-	11,663		11,663
33	IT	January	6018	MAGNUM HUNTER PRODUCTION INC	-	101,121		0.2928	0.1171	0.2928	-	11,841		11,841
34	IT	February	6018	MAGNUM HUNTER PRODUCTION INC	-	87,280		0.2928	0.1171	0.2928	-	10,220		10,220
35	IT	March	6018	MAGNUM HUNTER PRODUCTION INC	-	86,932		0.2928	0.1171	0.2928	-	10,180		10,180
36	IT	April	6018	MAGNUM HUNTER PRODUCTION INC	-	87,678		0.2928	0.1171	0.2928	-	10,267		10,267
37	IT	May	6018	MAGNUM HUNTER PRODUCTION INC	-	79,646		0.2928	0.1171	0.2928	-	9,327		9,327
38	IT	June	6018	MAGNUM HUNTER PRODUCTION INC	-	72,680		0.2928	0.1171	0.2928	-	8,511		8,511
39	IT			TOTAL	-	925,794					\$ -	\$ 108,411		\$ 108,411

High Island Offshore System, L.L.C.
Test Period As Adjusted Transportation Revenues
For the Twelve Months Ended June 30, 2006, As Adjusted

Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	July	5686	MINERALS MANAGEMENT SERVICE	1,390,612	-		\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 407,171	\$ -		\$ 407,171
2	IT	August	5686	MINERALS MANAGEMENT SERVICE	1,385,846	-		0.2928	0.1171	0.2928	405,776	-		405,776
3	IT	September	5686	MINERALS MANAGEMENT SERVICE	952,648	-		0.2928	0.1171	0.2928	278,935	-		278,935
4	IT	October	5686	MINERALS MANAGEMENT SERVICE	401,649	-		0.2928	0.1171	0.2928	117,603	-		117,603
5	IT	November	5686	MINERALS MANAGEMENT SERVICE	1,266,766	4,264		0.2928	0.1171	0.2928	370,909	499		371,408
6	IT	December	5686	MINERALS MANAGEMENT SERVICE	1,368,422	2,128		0.2928	0.1171	0.2928	400,674	249		400,923
7	IT	January	5686	MINERALS MANAGEMENT SERVICE	1,354,354	1,560		0.2928	0.1171	0.2928	396,555	183		396,738
8	IT	February	5686	MINERALS MANAGEMENT SERVICE	1,104,931	5,886		0.2928	0.1171	0.2928	323,524	689		324,213
9	IT	March	5686	MINERALS MANAGEMENT SERVICE	1,258,772	5,334		0.2928	0.1171	0.2928	368,568	625		369,193
10	IT	April	5686	MINERALS MANAGEMENT SERVICE	687,842	-		0.2928	0.1171	0.2928	201,400	-		201,400
11	IT	May	5686	MINERALS MANAGEMENT SERVICE	760,190	-		0.2928	0.1171	0.2928	222,584	-		222,584
12	IT	June	5686	MINERALS MANAGEMENT SERVICE	604,005	-		0.2928	0.1171	0.2928	176,853	-		176,853
13	IT			TOTAL	<u>12,536,037</u>	<u>19,172</u>					<u>\$ 3,670,552</u>	<u>\$ 2,245</u>		<u>\$ 3,672,797</u>
14	IT	July	5389	NATIONAL ENERGY & TRADE LP	179,588			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 52,583			\$ 52,583
15	IT	August	5389	NATIONAL ENERGY & TRADE LP	141,728			0.2928	0.1171	0.2928	41,498			41,498
16	IT	September	5389	NATIONAL ENERGY & TRADE LP	71,277			0.2928	0.1171	0.2928	20,870			20,870
17	IT	October	5389	NATIONAL ENERGY & TRADE LP	83,245			0.2928	0.1171	0.2928	24,374			24,374
18	IT	November	5389	NATIONAL ENERGY & TRADE LP	185,639			0.2928	0.1171	0.2928	54,355			54,355
19	IT	December	5389	NATIONAL ENERGY & TRADE LP	306,565			0.2928	0.1171	0.2928	89,762			89,762
20	IT	January	5389	NATIONAL ENERGY & TRADE LP	592,144			0.2928	0.1171	0.2928	173,380			173,380
21	IT	February	5389	NATIONAL ENERGY & TRADE LP	434,654			0.2928	0.1171	0.2928	127,267			127,267
22	IT	March	5389	NATIONAL ENERGY & TRADE LP	497,326			0.2928	0.1171	0.2928	145,617			145,617
23	IT	April	5389	NATIONAL ENERGY & TRADE LP	374,884			0.2928	0.1171	0.2928	109,766			109,766
24	IT	May	5389	NATIONAL ENERGY & TRADE LP	375,219			0.2928	0.1171	0.2928	109,864			109,864
25	IT	June	5389	NATIONAL ENERGY & TRADE LP	371,709			0.2928	0.1171	0.2928	108,836			108,836
26	IT			TOTAL	<u>3,613,978</u>						<u>\$ 1,058,172</u>			<u>\$ 1,058,172</u>
27	IT	July	7028	NEWFIELD EXPLORATION	737,254	-		\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 215,868	\$ -		\$ 215,868
28	IT	August	7028	NEWFIELD EXPLORATION	730,920	-		0.2928	0.1171	0.2928	214,013	-		214,013
29	IT	September	7028	NEWFIELD EXPLORATION	555,739	-		0.2928	0.1171	0.2928	162,720	-		162,720
30	IT	October	7028	NEWFIELD EXPLORATION	333,811	-		0.2928	0.1171	0.2928	97,740	-		97,740
31	IT	November	7028	NEWFIELD EXPLORATION	-	-		0.2928	0.1171	0.2928	-	-		-
32	IT	December	7028	NEWFIELD EXPLORATION	-	-		0.2928	0.1171	0.2928	-	-		-
33	IT	January	7028	NEWFIELD EXPLORATION	-	-		0.2928	0.1171	0.2928	-	-		-
34	IT	February	7028	NEWFIELD EXPLORATION	329,678	64,618		0.2928	0.1171	0.2928	96,530	7,567		104,097
35	IT	March	7028	NEWFIELD EXPLORATION	393,571	77,001		0.2928	0.1171	0.2928	115,238	9,017		124,255
36	IT	April	7028	NEWFIELD EXPLORATION	-	-		0.2928	0.1171	0.2928	-	-		-
37	IT	May	7028	NEWFIELD EXPLORATION	-	-		0.2928	0.1171	0.2928	-	-		-
38	IT	June	7028	NEWFIELD EXPLORATION	-	-		0.2928	0.1171	0.2928	-	-		-
39	IT			TOTAL	<u>3,080,973</u>	<u>141,619</u>					<u>\$ 902,109</u>	<u>\$ 16,584</u>		<u>\$ 918,693</u>

High Island Offshore System, L.L.C.
Test Period As Adjusted Transportation Revenues
For the Twelve Months Ended June 30, 2006, As Adjusted

Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	July	7382	NEXEN MARKETING USA INC	-			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ -			\$ -
2	IT	August	7382	NEXEN MARKETING USA INC	235,718			0.2928	0.1171	0.2928	69,018			69,018
3	IT	September	7382	NEXEN MARKETING USA INC	72,260			0.2928	0.1171	0.2928	21,158			21,158
4	IT	October	7382	NEXEN MARKETING USA INC	225,270			0.2928	0.1171	0.2928	65,959			65,959
5	IT	November	7382	NEXEN MARKETING USA INC	900,052			0.2928	0.1171	0.2928	263,535			263,535
6	IT	December	7382	NEXEN MARKETING USA INC	98,312			0.2928	0.1171	0.2928	28,786			28,786
7	IT	January	7382	NEXEN MARKETING USA INC	96,562			0.2928	0.1171	0.2928	28,273			28,273
8	IT	February	7382	NEXEN MARKETING USA INC	80,198			0.2928	0.1171	0.2928	23,482			23,482
9	IT	March	7382	NEXEN MARKETING USA INC	84,514			0.2928	0.1171	0.2928	24,746			24,746
10	IT	April	7382	NEXEN MARKETING USA INC	78,902			0.2928	0.1171	0.2928	23,103			23,103
11	IT	May	7382	NEXEN MARKETING USA INC	87,004			0.2928	0.1171	0.2928	25,475			25,475
12	IT	June	7382	NEXEN MARKETING USA INC	66,915			0.2928	0.1171	0.2928	19,593			19,593
13	IT			TOTAL	2,025,707						\$ 593,128			\$ 593,128
14	IT	July	4691	NOBLE ENERGY MARKETING INC	639,474			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 187,238			\$ 187,238
15	IT	August	4691	NOBLE ENERGY MARKETING INC	630,103			0.2928	0.1171	0.2928	184,494			184,494
16	IT	September	4691	NOBLE ENERGY MARKETING INC	421,008			0.2928	0.1171	0.2928	123,271			123,271
17	IT	October	4691	NOBLE ENERGY MARKETING INC	162,563			0.2928	0.1171	0.2928	47,598			47,598
18	IT	November	4691	NOBLE ENERGY MARKETING INC	568,678			0.2928	0.1171	0.2928	166,509			166,509
19	IT	December	4691	NOBLE ENERGY MARKETING INC	753,564			0.2928	0.1171	0.2928	220,644			220,644
20	IT	January	4691	NOBLE ENERGY MARKETING INC	710,925			0.2928	0.1171	0.2928	208,159			208,159
21	IT	February	4691	NOBLE ENERGY MARKETING INC	660,310			0.2928	0.1171	0.2928	193,339			193,339
22	IT	March	4691	NOBLE ENERGY MARKETING INC	683,958			0.2928	0.1171	0.2928	200,263			200,263
23	IT	April	4691	NOBLE ENERGY MARKETING INC	608,720			0.2928	0.1171	0.2928	178,233			178,233
24	IT	May	4691	NOBLE ENERGY MARKETING INC	713,753			0.2928	0.1171	0.2928	208,987			208,987
25	IT	June	4691	NOBLE ENERGY MARKETING INC	679,509			0.2928	0.1171	0.2928	198,960			198,960
26	IT			TOTAL	7,232,565						\$ 2,117,695			\$ 2,117,695
27	IT	July	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	63,968			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 18,730			\$ 18,730
28	IT	August	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	50,963			0.2928	0.1171	0.2928	14,922			14,922
29	IT	September	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	36,684			0.2928	0.1171	0.2928	10,741			10,741
30	IT	October	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	24,681			0.2928	0.1171	0.2928	7,227			7,227
31	IT	November	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	70,491			0.2928	0.1171	0.2928	20,640			20,640
32	IT	December	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	77,565			0.2928	0.1171	0.2928	22,711			22,711
33	IT	January	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	74,121			0.2928	0.1171	0.2928	21,703			21,703
34	IT	February	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	54,908			0.2928	0.1171	0.2928	16,077			16,077
35	IT	March	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	50,458			0.2928	0.1171	0.2928	14,774			14,774
36	IT	April	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	35,519			0.2928	0.1171	0.2928	10,400			10,400
37	IT	May	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	50,306			0.2928	0.1171	0.2928	14,730			14,730
38	IT	June	4736	NORTHWESTERN MUTUAL LIFE INSURANCE CO	57,031			0.2928	0.1171	0.2928	16,699			16,699
39	IT			TOTAL	646,695						\$ 189,354			\$ 189,354

High Island Offshore System, L.L.C.
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Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	July	5698	OCCIDENTAL ENERGY MARKETING INC.	239,084	57,688		\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 70,004	\$ 6,755		\$ 76,759
2	IT	August	5698	OCCIDENTAL ENERGY MARKETING INC.	229,967	33,282		0.2928	0.1171	0.2928	67,334	3,897		71,231
3	IT	September	5698	OCCIDENTAL ENERGY MARKETING INC.	170,732	-		0.2928	0.1171	0.2928	49,990	-		49,990
4	IT	October	5698	OCCIDENTAL ENERGY MARKETING INC.	96,030	-		0.2928	0.1171	0.2928	28,118	-		28,118
5	IT	November	5698	OCCIDENTAL ENERGY MARKETING INC.	139,624	-		0.2928	0.1171	0.2928	40,882	-		40,882
6	IT	December	5698	OCCIDENTAL ENERGY MARKETING INC.	138,922	-		0.2928	0.1171	0.2928	40,676	-		40,676
7	IT	January	5698	OCCIDENTAL ENERGY MARKETING INC.	125,684	-		0.2928	0.1171	0.2928	36,800	-		36,800
8	IT	February	5698	OCCIDENTAL ENERGY MARKETING INC.	118,908	-		0.2928	0.1171	0.2928	34,816	-		34,816
9	IT	March	5698	OCCIDENTAL ENERGY MARKETING INC.	133,429	-		0.2928	0.1171	0.2928	39,068	-		39,068
10	IT	April	5698	OCCIDENTAL ENERGY MARKETING INC.	-	-		0.2928	0.1171	0.2928	-	-		-
11	IT	May	5698	OCCIDENTAL ENERGY MARKETING INC.	-	-		0.2928	0.1171	0.2928	-	-		-
12	IT	June	5698	OCCIDENTAL ENERGY MARKETING INC.	-	-		0.2928	0.1171	0.2928	-	-		-
13	IT			TOTAL	<u>1,392,380</u>	<u>90,970</u>					<u>\$ 407,688</u>	<u>\$ 10,652</u>		<u>\$ 418,340</u>
14	IT	July	6034	ONLINE RESOURCE EXCHANGE	15,370			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 4,500			\$ 4,500
15	IT	August	6034	ONLINE RESOURCE EXCHANGE	17,146			0.2928	0.1171	0.2928	5,020			5,020
16	IT	September	6034	ONLINE RESOURCE EXCHANGE	11,684			0.2928	0.1171	0.2928	3,421			3,421
17	IT	October	6034	ONLINE RESOURCE EXCHANGE	5,765			0.2928	0.1171	0.2928	1,688			1,688
18	IT	November	6034	ONLINE RESOURCE EXCHANGE	12,974			0.2928	0.1171	0.2928	3,799			3,799
19	IT	December	6034	ONLINE RESOURCE EXCHANGE	14,322			0.2928	0.1171	0.2928	4,193			4,193
20	IT	January	6034	ONLINE RESOURCE EXCHANGE	13,111			0.2928	0.1171	0.2928	3,839			3,839
21	IT	February	6034	ONLINE RESOURCE EXCHANGE	13,143			0.2928	0.1171	0.2928	3,848			3,848
22	IT	March	6034	ONLINE RESOURCE EXCHANGE	13,325			0.2928	0.1171	0.2928	3,902			3,902
23	IT	April	6034	ONLINE RESOURCE EXCHANGE	12,628			0.2928	0.1171	0.2928	3,697			3,697
24	IT	May	6034	ONLINE RESOURCE EXCHANGE	13,811			0.2928	0.1171	0.2928	4,044			4,044
25	IT	June	6034	ONLINE RESOURCE EXCHANGE	<u>11,839</u>			<u>0.2928</u>	<u>0.1171</u>	<u>0.2928</u>	<u>3,466</u>			<u>3,466</u>
26	IT			TOTAL	<u>155,118</u>						<u>\$ 45,417</u>			<u>\$ 45,417</u>
27	IT	July	7033	REMINGTON OIL & GAS CORPORATION	5,387	74,360		\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 1,577	\$ 8,708		\$ 10,285
28	IT	August	7033	REMINGTON OIL & GAS CORPORATION	4,706	99,302		0.2928	0.1171	0.2928	1,378	11,628		13,006
29	IT	September	7033	REMINGTON OIL & GAS CORPORATION	3,154	65,712		0.2928	0.1171	0.2928	923	7,695		8,618
30	IT	October	7033	REMINGTON OIL & GAS CORPORATION	800	161,443		0.2928	0.1171	0.2928	234	18,905		19,139
31	IT	November	7033	REMINGTON OIL & GAS CORPORATION	4,790	310,058		0.2928	0.1171	0.2928	1,403	36,308		37,711
32	IT	December	7033	REMINGTON OIL & GAS CORPORATION	3,912	361,495		0.2928	0.1171	0.2928	1,145	42,331		43,476
33	IT	January	7033	REMINGTON OIL & GAS CORPORATION	3,116	385,913		0.2928	0.1171	0.2928	912	45,190		46,102
34	IT	February	7033	REMINGTON OIL & GAS CORPORATION	2,094	345,220		0.2928	0.1171	0.2928	613	40,425		41,038
35	IT	March	7033	REMINGTON OIL & GAS CORPORATION	2,278	339,372		0.2928	0.1171	0.2928	667	39,740		40,407
36	IT	April	7033	REMINGTON OIL & GAS CORPORATION	1,936	256,785		0.2928	0.1171	0.2928	567	30,070		30,637
37	IT	May	7033	REMINGTON OIL & GAS CORPORATION	2,256	254,722		0.2928	0.1171	0.2928	661	29,828		30,489
38	IT	June	7033	REMINGTON OIL & GAS CORPORATION	<u>2,127</u>	<u>244,618</u>		<u>0.2928</u>	<u>0.1171</u>	<u>0.2928</u>	<u>623</u>	<u>28,645</u>		<u>29,268</u>
39	IT			TOTAL	<u>36,556</u>	<u>2,899,000</u>					<u>\$ 10,703</u>	<u>\$ 339,473</u>		<u>\$ 350,176</u>

High Island Offshore System, L.L.C.
Test Period As Adjusted Transportation Revenues
For the Twelve Months Ended June 30, 2006, As Adjusted

Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	July	7511	ROSETTA RESOURCES OFFSHORE LLC	-			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ -			\$ -
2	IT	August	7511	ROSETTA RESOURCES OFFSHORE LLC	-			0.2928	0.1171	0.2928	-			-
3	IT	September	7511	ROSETTA RESOURCES OFFSHORE LLC	-			0.2928	0.1171	0.2928	-			-
4	IT	October	7511	ROSETTA RESOURCES OFFSHORE LLC	-			0.2928	0.1171	0.2928	-			-
5	IT	November	7511	ROSETTA RESOURCES OFFSHORE LLC	3,502			0.2928	0.1171	0.2928	1,025			1,025
6	IT	December	7511	ROSETTA RESOURCES OFFSHORE LLC	3,296			0.2928	0.1171	0.2928	965			965
7	IT	January	7511	ROSETTA RESOURCES OFFSHORE LLC	6,492			0.2928	0.1171	0.2928	1,901			1,901
8	IT	February	7511	ROSETTA RESOURCES OFFSHORE LLC	6,851			0.2928	0.1171	0.2928	2,006			2,006
9	IT	March	7511	ROSETTA RESOURCES OFFSHORE LLC	5,643			0.2928	0.1171	0.2928	1,652			1,652
10	IT	April	7511	ROSETTA RESOURCES OFFSHORE LLC	1,607			0.2928	0.1171	0.2928	471			471
11	IT	May	7511	ROSETTA RESOURCES OFFSHORE LLC	563			0.2928	0.1171	0.2928	165			165
12	IT	June	7511	ROSETTA RESOURCES OFFSHORE LLC	778			0.2928	0.1171	0.2928	228			228
13	IT			TOTAL	28,732						\$ 8,413			\$ 8,413
14	IT	July	5914	SEQUENT ENERGY MANAGEMENT LP	337,186	-		\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 98,728	\$ -		\$ 98,728
15	IT	August	5914	SEQUENT ENERGY MANAGEMENT LP	306,013	-		0.2928	0.1171	0.2928	89,601	-		89,601
16	IT	September	5914	SEQUENT ENERGY MANAGEMENT LP	194,372	34,219		0.2928	0.1171	0.2928	56,912	4,007		60,919
17	IT	October	5914	SEQUENT ENERGY MANAGEMENT LP	23,575	-		0.2928	0.1171	0.2928	6,903	-		6,903
18	IT	November	5914	SEQUENT ENERGY MANAGEMENT LP	378,237	-		0.2928	0.1171	0.2928	110,748	-		110,748
19	IT	December	5914	SEQUENT ENERGY MANAGEMENT LP	365,754	-		0.2928	0.1171	0.2928	107,093	-		107,093
20	IT	January	5914	SEQUENT ENERGY MANAGEMENT LP	333,870	-		0.2928	0.1171	0.2928	97,757	-		97,757
21	IT	February	5914	SEQUENT ENERGY MANAGEMENT LP	673,726	29,188		0.2928	0.1171	0.2928	197,267	3,418		200,685
22	IT	March	5914	SEQUENT ENERGY MANAGEMENT LP	662,837	33,568		0.2928	0.1171	0.2928	194,079	3,931		198,010
23	IT	April	5914	SEQUENT ENERGY MANAGEMENT LP	242,520	-		0.2928	0.1171	0.2928	71,010	-		71,010
24	IT	May	5914	SEQUENT ENERGY MANAGEMENT LP	217,683	-		0.2928	0.1171	0.2928	63,738	-		63,738
25	IT	June	5914	SEQUENT ENERGY MANAGEMENT LP	114,551	-		0.2928	0.1171	0.2928	33,541	-		33,541
26	IT			TOTAL	3,850,324	96,975					\$ 1,127,377	\$ 11,356		\$ 1,138,733
27	IT	July	6162	SOUTHWEST ENERGY LP	35,967	57,702		\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 10,531	\$ 6,757		\$ 17,288
28	IT	August	6162	SOUTHWEST ENERGY LP	53,811	33,291		0.2928	0.1171	0.2928	15,756	3,898		19,654
29	IT	September	6162	SOUTHWEST ENERGY LP	60,075	34,226		0.2928	0.1171	0.2928	17,590	4,008		21,598
30	IT	October	6162	SOUTHWEST ENERGY LP	12,160	-		0.2928	0.1171	0.2928	3,560	-		3,560
31	IT	November	6162	SOUTHWEST ENERGY LP	66,480	-		0.2928	0.1171	0.2928	19,465	-		19,465
32	IT	December	6162	SOUTHWEST ENERGY LP	59,811	-		0.2928	0.1171	0.2928	17,513	-		17,513
33	IT	January	6162	SOUTHWEST ENERGY LP	292,564	-		0.2928	0.1171	0.2928	85,663	-		85,663
34	IT	February	6162	SOUTHWEST ENERGY LP	359,036	-		0.2928	0.1171	0.2928	105,126	-		105,126
35	IT	March	6162	SOUTHWEST ENERGY LP	429,082	-		0.2928	0.1171	0.2928	125,635	-		125,635
36	IT	April	6162	SOUTHWEST ENERGY LP	562,008	-		0.2928	0.1171	0.2928	164,556	-		164,556
37	IT	May	6162	SOUTHWEST ENERGY LP	538,634	-		0.2928	0.1171	0.2928	157,712	-		157,712
38	IT	June	6162	SOUTHWEST ENERGY LP	514,253	-		0.2928	0.1171	0.2928	150,573	-		150,573
39	IT			TOTAL	2,983,881	125,219					\$ 873,680	\$ 14,663		\$ 888,343

High Island Offshore System, L.L.C.
Test Period As Adjusted Transportation Revenues
For the Twelve Months Ended June 30, 2006, As Adjusted

Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	July	6598	STONE ENERGY CORPORATION	30,718			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 8,994			\$ 8,994
2	IT	August	6598	STONE ENERGY CORPORATION	34,132			0.2928	0.1171	0.2928	9,994			9,994
3	IT	September	6598	STONE ENERGY CORPORATION	21,120			0.2928	0.1171	0.2928	6,184			6,184
4	IT	October	6598	STONE ENERGY CORPORATION	7,519			0.2928	0.1171	0.2928	2,202			2,202
5	IT	November	6598	STONE ENERGY CORPORATION	37,588			0.2928	0.1171	0.2928	11,006			11,006
6	IT	December	6598	STONE ENERGY CORPORATION	26,323			0.2928	0.1171	0.2928	7,707			7,707
7	IT	January	6598	STONE ENERGY CORPORATION	19,568			0.2928	0.1171	0.2928	5,730			5,730
8	IT	February	6598	STONE ENERGY CORPORATION	19,187			0.2928	0.1171	0.2928	5,618			5,618
9	IT	March	6598	STONE ENERGY CORPORATION	22,962			0.2928	0.1171	0.2928	6,723			6,723
10	IT	April	6598	STONE ENERGY CORPORATION	15,368			0.2928	0.1171	0.2928	4,500			4,500
11	IT	May	6598	STONE ENERGY CORPORATION	11,797			0.2928	0.1171	0.2928	3,454			3,454
12	IT	June	6598	STONE ENERGY CORPORATION	2,370			0.2928	0.1171	0.2928	694			694
13	IT			TOTAL	248,652						\$ 72,806			\$ 72,806
14	IT	July	7312	TANA EXPLORATION COMPANY	31,952			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 9,356			\$ 9,356
15	IT	August	7312	TANA EXPLORATION COMPANY	13,052			0.2928	0.1171	0.2928	3,822			3,822
16	IT	September	7312	TANA EXPLORATION COMPANY	-			0.2928	0.1171	0.2928	-			-
17	IT	October	7312	TANA EXPLORATION COMPANY	-			0.2928	0.1171	0.2928	-			-
18	IT	November	7312	TANA EXPLORATION COMPANY	-			0.2928	0.1171	0.2928	-			-
19	IT	December	7312	TANA EXPLORATION COMPANY	-			0.2928	0.1171	0.2928	-			-
20	IT	January	7312	TANA EXPLORATION COMPANY	-			0.2928	0.1171	0.2928	-			-
21	IT	February	7312	TANA EXPLORATION COMPANY	-			0.2928	0.1171	0.2928	-			-
22	IT	March	7312	TANA EXPLORATION COMPANY	-			0.2928	0.1171	0.2928	-			-
23	IT	April	7312	TANA EXPLORATION COMPANY	-			0.2928	0.1171	0.2928	-			-
24	IT	May	7312	TANA EXPLORATION COMPANY	-			0.2928	0.1171	0.2928	-			-
25	IT	June	7312	TANA EXPLORATION COMPANY	-			0.2928	0.1171	0.2928	-			-
26	IT			TOTAL	45,004						\$ 13,178			\$ 13,178
27	IT	July	4673	UNOCAL ENERGY TRADING	550,803			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 161,275			\$ 161,275
28	IT	August	4673	UNOCAL ENERGY TRADING	544,233			0.2928	0.1171	0.2928	159,351			159,351
29	IT	September	4673	UNOCAL ENERGY TRADING	359,910			0.2928	0.1171	0.2928	105,382			105,382
30	IT	October	4673	UNOCAL ENERGY TRADING	151,547			0.2928	0.1171	0.2928	44,373			44,373
31	IT	November	4673	UNOCAL ENERGY TRADING	-			0.2928	0.1171	0.2928	-			-
32	IT	December	4673	UNOCAL ENERGY TRADING	-			0.2928	0.1171	0.2928	-			-
33	IT	January	4673	UNOCAL ENERGY TRADING	-			0.2928	0.1171	0.2928	-			-
34	IT	February	4673	UNOCAL ENERGY TRADING	-			0.2928	0.1171	0.2928	-			-
35	IT	March	4673	UNOCAL ENERGY TRADING	-			0.2928	0.1171	0.2928	-			-
36	IT	April	4673	UNOCAL ENERGY TRADING	-			0.2928	0.1171	0.2928	-			-
37	IT	May	4673	UNOCAL ENERGY TRADING	-			0.2928	0.1171	0.2928	-			-
38	IT	June	4673	UNOCAL ENERGY TRADING	-			0.2928	0.1171	0.2928	-			-
39	IT			TOTAL	1,606,493						\$ 470,381			\$ 470,381

High Island Offshore System, L.L.C.
Test Period As Adjusted Transportation Revenues
For the Twelve Months Ended June 30, 2006, As Adjusted

Line No.	Rate Sched.	Month	Contract No.	Shipper	Long Haul Commodity Volumes (Dth)	Short Haul Commodity Volumes (Dth)	Authorized Overrun Volume	Long Haul Commodity Rate	Short Haul Commodity Rate	Overrun Rate	Long Haul Commodity Revenue	Short Haul Commodity Revenue	Authorized Overrun Revenue	Total Revenue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	IT	July	6718	WALTER OIL & GAS CORPORATION	354,363			\$ 0.2928	\$ 0.1171	\$ 0.2928	\$ 103,757			\$ 103,757
2	IT	August	6718	WALTER OIL & GAS CORPORATION	326,204			0.2928	0.1171	0.2928	95,514			95,514
3	IT	September	6718	WALTER OIL & GAS CORPORATION	159,287			0.2928	0.1171	0.2928	46,639			46,639
4	IT	October	6718	WALTER OIL & GAS CORPORATION	10,652			0.2928	0.1171	0.2928	3,119			3,119
5	IT	November	6718	WALTER OIL & GAS CORPORATION	176,239			0.2928	0.1171	0.2928	51,603			51,603
6	IT	December	6718	WALTER OIL & GAS CORPORATION	198,270			0.2928	0.1171	0.2928	58,053			58,053
7	IT	January	6718	WALTER OIL & GAS CORPORATION	200,857			0.2928	0.1171	0.2928	58,811			58,811
8	IT	February	6718	WALTER OIL & GAS CORPORATION	162,064			0.2928	0.1171	0.2928	47,452			47,452
9	IT	March	6718	WALTER OIL & GAS CORPORATION	120,471			0.2928	0.1171	0.2928	35,274			35,274
10	IT	April	6718	WALTER OIL & GAS CORPORATION	123,388			0.2928	0.1171	0.2928	36,128			36,128
11	IT	May	6718	WALTER OIL & GAS CORPORATION	155,795			0.2928	0.1171	0.2928	45,617			45,617
12	IT	June	6718	WALTER OIL & GAS CORPORATION	221,126			0.2928	0.1171	0.2928	64,746			64,746
13	IT			TOTAL	<u>2,208,716</u>	<u></u>	<u></u>				<u>\$ 646,713</u>	<u></u>	<u></u>	<u>\$ 646,713</u>
14	IT	July	6718	WALTER OIL & GAS CORPORATION	179,549			\$ 0.1244		\$ 0.1244	\$ 22,336			\$ 22,336
15	IT	August	6718	WALTER OIL & GAS CORPORATION	173,464			0.1244		0.1244	21,579			21,579
16	IT	September	6718	WALTER OIL & GAS CORPORATION	104,846			0.1244		0.1244	13,043			13,043
17	IT	October	6718	WALTER OIL & GAS CORPORATION	9,862			0.1244		0.1244	1,227			1,227
18	IT	November	6718	WALTER OIL & GAS CORPORATION	174,976			0.1244		0.1244	21,767			21,767
19	IT	December	6718	WALTER OIL & GAS CORPORATION	147,226			0.1244		0.1244	18,315			18,315
20	IT	January	6718	WALTER OIL & GAS CORPORATION	108,717			0.1244		0.1244	13,524			13,524
21	IT	February	6718	WALTER OIL & GAS CORPORATION	70,411			0.1244		0.1244	8,759			8,759
22	IT	March	6718	WALTER OIL & GAS CORPORATION	94,942			0.1244		0.1244	11,811			11,811
23	IT	April	6718	WALTER OIL & GAS CORPORATION	54,943			0.1244		0.1244	6,835			6,835
24	IT	May	6718	WALTER OIL & GAS CORPORATION	32,690			0.1244		0.1244	4,067			4,067
25	IT	June	6718	WALTER OIL & GAS CORPORATION	26,862			0.1244		0.1244	3,342			3,342
26	IT			TOTAL	<u>1,178,488</u>	<u></u>	<u></u>				<u>\$ 146,605</u>	<u></u>	<u></u>	<u>\$ 146,605</u>
27	IT	SUB-TOTAL: TEST PERIOD AS ADJSUTED INTERRUPTIBLE SERVICE REVENUE			<u>110,142,896</u>	<u>6,304,896</u>	<u></u>				<u>\$ 31,747,778</u>	<u>\$ 738,303</u>	<u></u>	<u>\$ 32,486,081</u>
28		TOTAL TEST PERIOD AS ADJUSTED TRANSPORTATION REVENUES												<u>\$ 37,354,458</u>

High Island Offshore System, L.L.C.
Test Period Adjustments to Base Period Throughput

Line No.	Description	Test Period Adjustments						As Adjusted
		Base Period Actuals	Eliminate Expiring FT-1 Contracts	Adjust FT2 MDQ for 3/31/07 Contract Reductions	Normalize IT Base Period Throughput for Operational Constraints	Adjust IT for Projected 18% Net Decline	Impute FT-2 Overrun at Historical Load Factor	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Firm Rate Schedules: Reservation	108,225	-	(32,225)	-	-	-	76,000
2	Throughput FT-1	6,823,594	(6,823,594)	-	-	-	-	-
3	FT-2	52,679,846	-	(24,939,846)	-	-	-	27,740,000
4	Total Firm	59,503,440	(6,823,594)	(24,939,846)	-	-	-	27,740,000
5	IT	138,067,502	-	-	3,942,000	(25,561,710)	4,715,800	121,163,592
6	Total Throughput	197,570,942	(6,823,594)	(24,939,846)	3,942,000	(25,561,710)	4,715,800	148,903,592

Exhibit No. HIO-28

**Docket No. RP06-
Schedule G-4**

High Island Offshore System, L.L.C.

At-Risk Revenue

This schedule is not applicable to High Island Offshore System, L.L.C.

**High Island Offshore System, L.L.C.
Twelve Months Ended June 30, 2006, as Adjusted
Transportation of Liquids**

Line No.	Shipper (1)	Base Period			Test Period		
		Volume (2)	Rate (3)	Amount (4)	Volume 1/ (5)	Rate (6)	Amount (7)
1	Devon Louisiana Corp	4,451	\$ 1.025	\$ 4,562	3,383	\$ 1.025	\$ 3,468
2	Forest Oil Corp	2,119	1.025	2,172	1,611	1.025	1,651
3	Houston Exploration Company	10,567	1.025	10,831	8,031	1.025	8,232
4	Kerr McGee Corp	11,108	1.025	11,385	8,442	1.025	8,653
5	Maritech Resources	51,387	1.025	52,672	39,054	1.025	40,030
6	Merit Energy	6,127	1.025	6,280	4,656	1.025	4,772
7	Noble Energy Corp	241,322	1.025	247,355	183,405	1.025	187,990
8	Ridgelake Energy Inc	123	1.025	126	93	1.025	95
9	Stone Energy Corp	13,424	1.025	13,760	10,203	1.025	10,458
10	Walter Oil & Gas	87	1.025	90	66	1.025	68
11	Total	<u>340,715</u>		<u>\$ 349,233</u>	<u>258,944</u>		<u>\$ 265,417</u>

1/ Assumes a 24% decline, which represents the 5-year average decline (2001 - 2005).

High Island Offshore System, L.L.C.
Twelve Months Ending June 30, 2006, as Adjusted
Miscellaneous Revenue

Line No.	Month	Cash Out	Exit Fees 1/	Penalties 2/	Total
	(1)	(2)	(3)	(4)	(5)
1	Jul-05	\$ (528,739)	\$ -	\$ -	\$ (528,739)
2	Aug-05	(1,213,563)	-	-	(1,213,563)
3	Sep-05	(1,045,462)	-	-	(1,045,462)
4	Oct-05	(2,137,079)	-	-	(2,137,079)
5	Nov-05	(1,879,627)	-	-	(1,879,627)
6	Dec-05	(421,605)	-	-	(421,605)
7	Jan-06	123,964	-	-	123,964
8	Feb-06	(609,297)	-	-	(609,297)
9	Mar-06	560,829	-	-	560,829
10	Apr-06	(76,113)	-	-	(76,113)
11	May-06	346,957	-	-	346,957
12	Jun-06	130,810	-	-	130,810
13	Base Period Total	<u>\$ (6,748,925)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,748,925)</u>
14	As Adjusted 3/	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

1/ The HIOS tariff does not provide for the collection of exit fees.

2/ HIOS did not collect any penalty revenues that would require crediting pursuant to Section 27 of the tariff.

3/ Section 8 of the HIOS tariff provides for the treatment of cashout revenues

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Operation and Maintenance Expenses
Twelve Months Ended June 30, 2006
Actual and As-Adjusted

																Twelve Months		Twelve Months	
Line No.	FERC Acct. No.	Description	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Ended 30-Jun-06 Actual	Adjustments	Ended 30-Jun-06 As-Adjusted		
		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)		
		Transmission Expenses																	
		Operation -																	
1	850	Supervision & engineering	\$ 218,092	\$ 218,505	\$ 218,505	\$ 218,505	\$ 218,445	\$ 218,505	\$ 218,505	\$ 218,505	\$ 218,505	\$ 218,505	\$ 218,505	\$ 218,505	\$ 2,621,587	\$ (2,621,587)	\$ -		
2	851	System control and load dispatching	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
3	852	Communication system expenses	14,753	9,569	15,728	3,536	-	20,317	5,645	9,071	8,153	11,192	7,521	12,508	117,992	(117,992)	-		
4	853	Compressor station Labor & exp.	7,356	8,267	4,027	2,196	-	1,337	7,011	3,200	(3,359)	13,783	13,192	2,088	59,098	(59,098)	-		
5	854	Gas for Compressor Station Fuel	943,008	998,306	1,095,170	1,147,670	195,636	1,250,175	1,613,163	1,233,277	1,072,424	989,400	631,687	638,970	11,808,888	(11,808,888)	-		
6	856	Mains expenses	1,031,174	352,000	261,907	274,547	219,206	425,240	248,058	220,856	266,898	201,961	433,783	292,998	4,228,626	(4,198,229)	30,397		
7	857	Measuring & regulation station exp.	289,979	290,095	289,979	289,979	289,979	244,799	199,064	181,990	183,244	181,990	182,623	181,990	2,805,709	(2,377)	2,803,332		
8	859	Other expenses	27,405	24,966	13,363	12,322	57,793	23,338	30,810	193,610	30,278	37,992	79,417	19,848	551,142	(361,506)	189,636		
9	860	Rents	(258)	8,077	3,868	-	360	2,717	-	1,552	2,661	-	(1,552)	-	17,424	(17,424)	-		
10		Total Operation	\$ 2,531,507	\$ 1,909,785	\$ 1,902,547	\$ 1,948,755	\$ 981,419	\$ 2,186,426	\$ 2,322,256	\$ 2,062,061	\$ 1,778,803	\$ 1,654,822	\$ 1,565,176	\$ 1,366,907	\$ 22,210,466	\$ (19,187,101)	\$ 3,023,365		
		Maintenance -																	
11	861	Supervision & Engineering	\$ 5,442	\$ 1,907	\$ -	\$ 231	\$ 183	\$ 38	\$ -	\$ 4,622	\$ 9,179	\$ 8,047	\$ 4,370	\$ 4,802	\$ 38,822	\$ (38,822)	\$ -		
12	862	Structures & improvements	8,367	-	-	-	-	291,324	28	47,215	-	-	-	-	346,934	(346,934)	-		
13	863	Mains	-	-	-	-	-	-	-	-	-	97,571	109,478	121,810	328,859	(328,859)	-		
14	864	Compressor station equip.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
15	865	Measuring & regulation station equip.	24,029	1,016	1,575	10,101	434,443	208,096	25,117	(31,640)	100,688	61,317	(128,621)	-	706,120	(706,120)	-		
16	866	Communication Equipment	-	-	371	1,308	197	900	-	166	347	1,781	1,501	1,831	8,402	(8,402)	-		
17	867	Other equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
18		Total Maintenance	\$ 37,837	\$ 2,923	\$ 1,945	\$ 11,641	\$ 434,823	\$ 500,358	\$ 25,145	\$ 20,363	\$ 110,213	\$ 168,716	\$ (13,272)	\$ 128,443	\$ 1,429,137	\$ (1,429,137)	\$ -		
19		Total Transmission Expenses	\$ 2,569,345	\$ 1,912,709	\$ 1,904,492	\$ 1,960,396	\$ 1,416,242	\$ 2,686,784	\$ 2,347,400	\$ 2,082,425	\$ 1,889,017	\$ 1,823,538	\$ 1,551,905	\$ 1,495,351	\$ 23,639,603	\$ (20,616,238)	\$ 3,023,365		
		Customer Account Expenses																	
20	904	Uncollectible Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		Admin. & General Expenses																	
21	920	Administrative and general salaries	\$ 208,672	\$ 211,661	\$ 235,267	\$ 246,145	\$ 277,745	\$ 312,707	\$ 260,050	\$ 294,933	\$ 259,760	\$ 278,649	\$ 250,168	\$ 280,705	\$ 3,116,461	\$ (3,116,461)	\$ -		
22	921	Office supplies and expenses	3,126	1,501	4,030	3,489	812	566	1,266	219	2,670	6,151	741	9	24,579	(24,579)	-		
23	923	Outside services employed	57,083	5,833	14,333	18,333	5,833	5,833	6,287	12,171	6,219	14,400	24,413	49,864	220,604	20,557,921	20,778,525		
24	924	Property insurance	71,901	71,801	109,610	247,818	101,241	101,241	101,241	100,737	100,737	100,737	1,079,439	614,384	2,800,885	4,571,815	7,372,700		
25	925	Injuries and damages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
26	926	Employee pensions and benefits	51,243	51,655	51,484	51,278	51,222	51,187	51,199	51,392	51,365	51,309	51,066	51,187	615,586	(615,586)	-		
27	927	Franchise Requirements	-	-	3,113	448	496	409	384	462	1,145	(35)	359	472	7,251	(7,026)	225		
28	928	Regulatory commission expenses	40,237	40,237	125,371	42,037	42,037	52,879	42,077	42,037	42,037	42,037	42,037	42,037	595,055	(200,865)	394,190		
29	930.2	Miscellaneous general expenses	(120,538)	186	-	72	2,378	15	5	29	148	587	122	(27,630)	(144,625)	144,625	-		
30		Total Admin. & General Expenses	\$ 311,724	\$ 382,874	\$ 543,207	\$ 609,620	\$ 481,764	\$ 524,837	\$ 462,507	\$ 501,979	\$ 464,079	\$ 493,834	\$ 1,448,344	\$ 1,011,027	\$ 7,235,796	\$ 21,309,844	\$ 28,545,640		
31		Total Operation & Maintenance	\$ 2,881,069	\$ 2,295,583	\$ 2,447,699	\$ 2,570,015	\$ 1,898,007	\$ 3,211,621	\$ 2,809,907	\$ 2,584,403	\$ 2,353,096	\$ 2,317,372	\$ 3,000,249	\$ 2,506,378	\$ 30,875,399	\$ 693,606	\$ 31,569,005		

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Operation and Maintenance Expenses
Adjustments

			Adjust AC 924	Adjust	Adjust AC 923	Adjust	Adjust AC 854	Adjust AC 928	Adjust AC 923	Adjust AC 930.2			
	FERC		Twelve Months	Increase in	Various AC's -	Operating	Various AC's-	Elimination	Regulatory	Outside	Miscellaneous		
Line	Acct.		Ended	Property	Consolidate	Agreement	Operating Agmt	of	Commission	Services	General		
No.	No.	Description	30-Jun-06	Insurance	Operating Agmt	Turnkey Fee	Three Year	Co-Use	Expense,	Non-recurring	Expense	Total	
	(1)	(2)	Actual	Adjust No. 1	Adjust No. 2	Adjust No. 3	Adjust No. 4	Adjust No. 5	Adjust No. 6	Adjust No. 7	Adjust No. 8	Adjustments	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
		Transmission Expenses											
1	850	Operation -											
2	851	Supervision & engineering	\$ 2,621,587	\$ -	\$ (2,622,060)	\$ -	\$ 473	\$ -	\$ -	\$ -	\$ -	\$ (2,621,587)	\$ -
3	852	System control and load dispatching	-	-	-	-	-	-	-	-	-	-	-
4	853	Communication system expenses	117,992	-	(117,992)	-	-	-	-	-	-	(117,992)	-
5	854	Compressor station Labor & exp.	59,098	-	(57,502)	-	(1,596)	-	-	-	-	(59,098)	-
6	856	Gas for Compressor Station Fuel	11,808,888	-	-	-	-	(11,808,888)	-	-	-	(11,808,888)	-
7	857	Mains expenses	4,228,626	-	(2,701,181)	-	(1,497,048)	-	-	-	-	(4,198,229)	30,397
8	859	Measuring & regulation station exp.	2,805,709	-	(2,377)	-	-	-	-	-	-	(2,377)	2,803,332
9	860	Other expenses	551,142	-	(191,669)	-	(169,837)	-	-	-	-	(361,506)	189,636
		Rents	17,424	-	(834)	-	(16,590)	-	-	-	-	(17,424)	-
10		Total Operation	\$ 22,210,466	\$ -	\$ (5,693,615)	\$ -	\$ (1,684,598)	\$ (11,808,888)	\$ -	\$ -	\$ -	\$ (19,187,101)	\$ 3,023,365
		Maintenance -											
11	861	Supervision & Engineering	\$ 38,822	\$ -	\$ (38,808)	\$ -	\$ (14)	\$ -	\$ -	\$ -	\$ -	\$ (38,822)	\$ -
12	862	Structures & improvements	346,934	-	-	-	(346,934)	-	-	-	-	(346,934)	-
13	863	Mains	328,859	-	-	-	(328,859)	-	-	-	-	(328,859)	-
14	864	Compressor station equip.	-	-	-	-	-	-	-	-	-	-	-
15	865	Measuring & Regulation station equip	706,120	-	(11,714)	-	(694,406)	-	-	-	-	(706,120)	-
16	866	Communication Equipment	8,402	-	(4,180)	-	(4,222)	-	-	-	-	(8,402)	-
17	867	Other equipment	-	-	-	-	-	-	-	-	-	-	-
18		Total Maintenance	\$ 1,429,137	\$ -	\$ (54,702)	\$ -	\$ (1,374,435)	\$ -	\$ -	\$ -	\$ -	\$ (1,429,137)	\$ -
19		Total Transmission Expenses	\$ 23,639,603	\$ -	\$ (5,748,317)	\$ -	\$ (3,059,033)	\$ (11,808,888)	\$ -	\$ -	\$ -	\$ (20,616,238)	\$ 3,023,365
		Customer Account Expenses											
20	904	Uncollectible Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Admin. & General Expenses											
21	920	Administrative and general salaries	\$ 3,116,461	\$ -	\$ (3,114,185)	\$ -	\$ (2,276)	\$ -	\$ -	\$ -	\$ -	\$ (3,116,461)	\$ -
22	921	Office supplies and expenses	24,579	-	(24,677)	-	98	-	-	-	-	(24,579)	-
23	923	Outside services employed	220,604	-	9,765,504	675,900	10,216,667	-	-	(100,150)	-	20,557,921	20,778,525
24	924	Property insurance	2,800,885	4,571,915	(100)	-	-	-	-	-	-	4,571,815	7,372,700
25	925	Injuries and damages	-	-	-	-	-	-	-	-	-	-	-
26	926	Employee pensions and benefits	615,586	-	(614,246)	-	(1,340)	-	-	-	-	(615,586)	-
27	927	Franchise Requirements	7,251	-	(7,026)	-	-	-	-	-	-	(7,026)	225
28	928	Regulatory commission expenses	595,055	-	-	-	-	-	(200,865)	-	-	(200,865)	394,190
29	930.2	Miscellaneous general expenses	(144,625)	-	(4,657)	-	-	-	-	-	149,282	144,625	-
30		Total Admin. & General Expenses	\$ 7,235,796	\$ 4,571,915	\$ 6,000,613	\$ 675,900	\$ 10,213,149	\$ -	\$ (200,865)	\$ (100,150)	\$ 149,282	\$ 21,309,844	\$ 28,545,640
31		Total Operation & Maintenance	\$ 30,875,399	\$ 4,571,915	\$ 252,296	\$ 675,900	\$ 7,154,116	\$ (11,808,888)	\$ (200,865)	\$ (100,150)	\$ 149,282	\$ 693,606	\$ 31,569,005

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Operation and Maintenance Expense
Adjustments

Line No.	FERC Acct.	Description	Calculation	Adjustment
	(1)	(2)	(3)	(4)
1		<u>Adjustment No. 1 - Acct. 924, Property Insurance</u>		
2		Adjustment to reflect the increase in property insurance costs on an annualized basis.		
3		Monthly insurance premium effective May, 2006	\$ 614,400	
			x 12	
4		Annualized insurance cost	7,372,800	
5		Less: Base Period property insurance expense	2,800,885	
6		Total Increase in Property Insurance	<u>\$ 4,571,915</u>	
7	924	Property Insurance - Materials & Other		<u>\$ 4,571,915</u>
8		<u>Adjustment No. 2 - Various O&M and A&G Accounts</u>		
9		Adjustment to reflect the consolidation of the HIOS Operating Agreement Turnkey Fee, currently allocated among various FERC accounts, into FERC Account 923 - Outside Services.		
		Transfer Balances from the following accounts:		
		<u>Other Taxes</u>		
10	408	Other Taxes (See Statement H-4, line 2, column 3)	\$ (252,296)	
		<u>O&M Accounts:</u>		
11	850	Supervision & engineering - Labor	(2,622,060)	
12	852	Communication system expenses - Materials & Other	(117,992)	
13	853	Compressor station Labor & exp - Materials & Other	(57,502)	
14	856	Mains expenses - Materials & Other	(2,701,181)	
15	857	Measuring & regulation station exp - Materials & Other	(2,377)	
16	859	Other expenses - Materials & Other	(191,669)	
17	860	Rents - Materials & Other	(834)	
18	861	Supervision & Engineering - Labor	(38,761)	
19	861	Supervision & Engineering - Materials & Other	(47)	
20	865	Measuring & Regulation station equip - Material & Other	(11,714)	
21	866	Communication Equipment - Labor	(4,180)	
22	920	Administrative and general salaries - Labor	(3,114,185)	
23	921	Office supplies and expenses - Material & Other	(24,677)	
24	924	Property insurance - Material & Other	(100)	
25	926	Employee pensions and benefits - Labor	(614,246)	
26	927	Franchise Requirements - Material & Other	(7,026)	
27	930.2	Miscellaneous general expenses - Material & Other	(4,657)	
28		Total Transfer from O&M Accounts to Account 923	<u>(9,513,208)</u>	
29	923	Transfer to Outside Services Employed - Material & Other	<u>\$ 9,765,504</u>	
30		Net O&M Adjustment (excluding Acct 408, Other Taxes)		<u>\$ 252,296</u>

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Operation and Maintenance Expense
Adjustments

Line No.	FERC Acct.	Description	Calculation	Adjustment
	(1)	(2)	(3)	(4)
1		<u>Adjustment No. 3 - Acct. 923, Outside Services Employed</u> Reflects the annual adjustment of the Operating Agreement Turnkey Fee, as provided by Section 3.3.2 of the agreement.		
2		Adjusted Monthly Turnkey Fee, effective January 1, 2007	\$ 870,117	
3		Current Monthly Turnkey Fee	813,792	
4		Monthly Increase	56,325	
5			x 12	
6		Annualized Increase in Turnkey Fee	<u>\$ 675,900</u>	
7	923	Outside services employed - Material & Other		<u>\$ 675,900</u>

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Operation and Maintenance Expense
Adjustments

Line No.	FERC Acct.	Description	Calculation	Adjustment
	(1)	(2)	(3)	(4)
1		<u>Adjustment No. 4 - Acct. 923, Outside Services Employed</u>		
2		<u>Adjustment 4(A):</u>		
3		Adjustment to eliminate non-routine expenses charged HIOS during base period. Such charges are now included in the Operating Agreement 3-Year Non-Routine Operation Services Budget.		
		<u>Other Taxes</u>		
4	408	Other Taxes (See Statement H-4, line 2, column 3)	\$ (550)	
		<u>O&M Accounts:</u>		
5	850	Supervision & Engineering - Materials & Other	473	
6	853	Compressor station Labor & exp - Materials & Other	(1,596)	
7	856	Mains expenses - Labor	(1,111)	
8	856	Mains expenses - Materials & Other	(1,495,937)	
9	859	Other expenses - Labor	(3,581)	
10	859	Other expenses - Materials & Other	(166,256)	
11	860	Rents - Materials & Other	(16,590)	
12	861	Supervision & Engineering - Materials & Other	(14)	
13	862	Structures & improvements - Materials & Other	(346,934)	
14	863	Mains - Materials & Other	(328,859)	
15	865	Measuring & Regulation station equip - Material & Other	(694,406)	
16	866	Communication Equipment - Materials & Other	(4,222)	
17	920	Administrative and general salaries - Labor	(2,276)	
18	921	Office supplies and expenses - Labor	(288)	
19	921	Office supplies and expenses - Materials & Other	386	
20	926	Employee pensions and benefits - Labor	(1,340)	
21		Total O&M Adjustment (excluding Acct 408, Other Taxes)	<u>\$ (3,062,551)</u>	
22		<u>Adjustment 4(B):</u>		
23		Adjustment made to include the monthly fee billed HIOS resulting from the 36-month Non-Routine Operation Services Budget as provided in the HIOS Operating agreement, Sections 3.2.2 , 3.4 and 3.6.		
24		Budgeted Services - 2007	\$ 10,620,000	
25		Budgeted Services - 2008	9,550,000	
26		Budgeted Services - 2009	10,480,000	
27		Total Three Year Non-Routine Budgeted Services	<u>30,650,000</u>	
			÷ 3	
28	923	Outside services employed - Material & Other	<u>\$ 10,216,667</u>	
29		Total Non-Routine Services Adjustment		<u>\$ 7,154,116</u>

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Operation and Maintenance Expense
Adjustments

Line No.	FERC Acct.	Description	Calculation	Adjustment
	(1)	(2)	(3)	(4)
1		<u>Adjustment No. 5 - Acct. 854, Gas for Compressor Station Fuel</u>		
2		Adjustment to eliminate company-use gas used for compressor fuel. Company use fuel is recovered through a fuel tracker mechanism.		
3	854	Gas for Compressor Station Fuel		<u>\$ (11,808,888)</u>
4		<u>Adjustment No. 6 - Acct. 928, Regulatory Commission Expenses</u>		
5		Adjustment to Account 928 to reflect the FERC 2006 Annual Charge Billing.		
6		FERC fiscal year 2006 HIOS Annual Charge Billing	\$ 394,190	
7		Less: Base Period Account 928 Balance	<u>595,055</u>	
8		Account 928 Adjustment	<u>\$ (200,865)</u>	
9	928	Regulatory Commission Expenses		<u>\$ (200,865)</u>

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Operation and Maintenance Expense
Adjustments

Line No.	FERC Acct.	Description	Calculation	Adjustment
	(1)	(2)	(3)	(4)
1		<u>Adjustment No. 7 - Acct. 923, Outside Services Employed</u>		
2		Adjustment to eliminate out-of-period costs and non-recurring costs included in the base period.		
3		Base period Account 923 balance	\$ 220,604	
4		Eliminate Out of Period Costs	(51,250)	
5		Eliminate Non-recurring Costs	(48,900)	
6		Adjusted Balance	<u>120,454</u>	
7		Adjusted Balance (Col. 3, line 6)	120,454	
8		less: Base Period Balance (Col. 3, line 3)	<u>220,604</u>	
9		Net Change (Col. 3 - Line 7 - 8)	<u>\$ (100,150)</u>	
10	923	Outisde Services Employed		<u>\$ (100,150)</u>
11		<u>Adjustment No. 8 - Acct. 930.2, Miscellaneous General Expenses</u>		
12		Adjustment to eliminate out-of-period costs.		
13		Acct. 930.2 - Base Period Balance	\$ (144,625)	
14		Less: Transfer to Acct 923 (Page 3 of 7, Col. 3, line 20)	<u>4,657</u>	
15		Balance Remaining	(149,282)	
16		Eliminate Balance - Out of Period Costs	<u>149,282</u>	
17		Adjusted Balance	<u>\$ -</u>	
18	930.2	Miscellaneous General Expenses		<u>\$ 149,282</u>
19		<u>Total - All Adjustments</u>		<u><u>\$ 693,606</u></u>

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Operation and Maintenance Expenses - Labor
Twelve Months Ended June 30, 2006
Actual and As-Adjusted

		FERC													Twelve Months		Twelve Months	
Line	Acct.													Ended		Ended		
No.	No.	Description	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	30-Jun-06	Adjustments	30-Jun-06	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	Actual	(16)	As-Adjusted	
		Transmission Expenses																
		Operation -																
1	850	Supervision & engineering	\$ 218,505	\$ 218,505	\$ 218,505	\$ 218,505	\$ 218,505	\$ 218,505	\$ 218,505	\$ 218,505	\$ 218,505	\$ 218,505	\$ 218,505	\$ 218,505	\$ 2,622,060	\$ (2,622,060)	\$ -	
2	851	System control and load dispatching	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	852	Communication system expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	853	Compressor station Labor & exp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	854	Gas for Compressor Station Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	856	Mains expenses	-	-	-	-	-	-	1,111	-	-	658	(658)	-	1,111	(1,111)	-	
7	857	Measuring & regulation station exp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8	859	Other expenses	-	1,496	1,122	-	-	-	-	-	963	-	-	-	3,581	(3,581)	-	
9	860	Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10		Total Operation	\$ 218,505	\$ 220,001	\$ 219,627	\$ 218,505	\$ 218,505	\$ 218,505	\$ 218,505	\$ 219,616	\$ 219,468	\$ 219,163	\$ 217,847	\$ 218,505	\$ 2,626,752	\$ (2,626,752)	\$ -	
		Maintenance -																
11	861	Supervision & Engineering	\$ 5,442	\$ 1,846	\$ -	\$ 231	\$ 183	\$ 38	\$ -	\$ 4,622	\$ 9,179	\$ 8,047	\$ 4,370	\$ 4,802	\$ 38,761	\$ (38,761)	\$ -	
12	862	Structures & improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13	863	Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14	864	Compressor station equip.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15	865	Measuring & regulation station equip.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
16	866	Communication Equipment	-	-	371	809	-	-	-	-	347	1,309	795	550	4,180	(4,180)	-	
17	867	Other equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18		Total Maintenance	\$ 5,442	\$ 1,846	\$ 371	\$ 1,041	\$ 183	\$ 38	\$ -	\$ 4,622	\$ 9,526	\$ 9,356	\$ 5,165	\$ 5,352	\$ 42,941	\$ (42,941)	\$ -	
19		Total Transmission Expenses	\$ 223,947	\$ 221,847	\$ 219,998	\$ 219,546	\$ 218,688	\$ 218,543	\$ 218,505	\$ 224,238	\$ 228,994	\$ 228,519	\$ 223,012	\$ 223,857	\$ 2,669,693	\$ (2,669,693)	\$ -	
		Customer Account Expenses																
20	904	Uncollectible Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
		Admin. & General Expenses																
21	920	Administrative and general salaries	\$ 208,672	\$ 211,661	\$ 235,267	\$ 246,145	\$ 277,745	\$ 312,707	\$ 260,050	\$ 294,933	\$ 259,760	\$ 278,649	\$ 250,168	\$ 280,705	\$ 3,116,461	\$ (3,116,461)	\$ -	
22	921	Office supplies and expenses	288	-	-	-	-	-	-	-	-	-	-	-	288	(288)	-	
23	923	Outside services employed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
24	924	Property insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
25	925	Injuries and damages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
26	926	Employee pensions and benefits	51,243	51,655	51,484	51,278	51,222	51,187	51,199	51,392	51,365	51,309	51,066	51,187	615,586	(615,586)	-	
27	927	Franchise Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
28	928	Regulatory commission expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
29	930	Miscellaneous general expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30		Total Admin. & General Expenses	\$ 260,203	\$ 263,316	\$ 286,751	\$ 297,423	\$ 328,967	\$ 363,894	\$ 311,248	\$ 346,325	\$ 311,124	\$ 329,957	\$ 301,234	\$ 331,892	\$ 3,732,335	\$ (3,732,335)	\$ -	
31		Total Operation & Maintenance	\$ 484,150	\$ 485,163	\$ 506,748	\$ 516,968	\$ 547,656	\$ 582,438	\$ 529,753	\$ 570,562	\$ 540,118	\$ 558,476	\$ 524,246	\$ 555,750	\$ 6,402,028	\$ (6,402,028)	\$ -	

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Operation and Maintenance Expenses - Materials & Other
Twelve Months Ended June 30, 2006
Actual and As-Adjusted

ine No.	FERC Acct. No.	Description	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Twelve Months Ended 30-Jun-06 Actual	Adjustments	Twelve Months Ended 30-Jun-06 As-Adjusted
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
		Transmission Expenses															
		Operation -															
850		Supervision & engineering	\$ (413)	\$ -	\$ -	\$ -	\$ (60)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (473)	\$ 473	\$ -
851		System control and load dispatching	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
852		Communication system expenses	14,753	9,569	15,728	3,536	-	20,317	5,645	9,071	8,153	11,192	7,521	12,508	117,992	(117,992)	-
853		Compressor station Labor & exp.	7,356	8,267	4,027	2,196	-	1,337	7,011	3,200	(3,359)	13,783	13,192	2,088	59,098	(59,098)	-
854		Gas for Compressor Station Fuel	943,008	998,306	1,095,170	1,147,670	195,636	1,250,175	1,613,163	1,233,277	1,072,424	989,400	631,687	638,970	11,808,888	(11,808,888)	-
856		Mains expenses	1,031,174	352,000	261,907	274,547	219,206	425,240	248,058	219,745	266,898	201,303	434,441	292,998	4,227,515	(4,197,118)	30,397
857		Measuring & regulation station exp.	289,979	290,095	289,979	289,979	289,979	244,799	199,064	181,990	183,244	181,990	182,623	181,990	2,805,709	(2,377)	2,803,332
859		Other expenses	27,405	23,470	12,241	12,322	57,793	23,338	30,810	193,610	29,315	37,992	79,417	19,848	547,561	(357,925)	189,636
860		Rents	(258)	8,077	3,868	-	360	2,717	-	1,552	2,661	-	(1,552)	-	17,424	(17,424)	-
		Total Operation	<u>\$ 2,313,002</u>	<u>\$ 1,689,784</u>	<u>\$ 1,682,920</u>	<u>\$ 1,730,250</u>	<u>\$ 762,914</u>	<u>\$ 1,967,921</u>	<u>\$ 2,103,751</u>	<u>\$ 1,842,445</u>	<u>\$ 1,559,335</u>	<u>\$ 1,435,659</u>	<u>\$ 1,347,329</u>	<u>\$ 1,148,402</u>	<u>\$ 19,583,714</u>	<u>\$ (16,560,349)</u>	<u>\$ 3,023,365</u>
		Maintenance -															
861		Supervision & Engineering	\$ -	\$ 61	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61	\$ (61)	\$ -
862		Structures & improvements	8,367	-	-	-	-	291,324	28	47,215	-	-	-	-	346,934	(346,934)	-
863		Mains	-	-	-	-	-	-	-	-	-	97,571	109,478	121,810	328,859	(328,859)	-
864		Compressor station equip.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
865		Measuring & regulation station equip.	24,029	1,016	1,575	10,101	434,443	208,096	25,117	(31,640)	100,688	61,317	(128,621)	-	706,120	(706,120)	-
866		Communication Equipment	-	-	-	499	197	900	-	166	-	472	707	1,281	4,222	(4,222)	-
867		Other equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Total Maintenance	<u>\$ 32,396</u>	<u>\$ 1,077</u>	<u>\$ 1,575</u>	<u>\$ 10,600</u>	<u>\$ 434,640</u>	<u>\$ 500,319</u>	<u>\$ 25,145</u>	<u>\$ 15,742</u>	<u>\$ 100,688</u>	<u>\$ 159,360</u>	<u>\$ (18,436)</u>	<u>\$ 123,091</u>	<u>\$ 1,386,196</u>	<u>\$ (1,386,196)</u>	<u>\$ -</u>
		Total Transmission Expenses	<u>\$ 2,345,398</u>	<u>\$ 1,690,861</u>	<u>\$ 1,684,494</u>	<u>\$ 1,740,850</u>	<u>\$ 1,197,554</u>	<u>\$ 2,468,241</u>	<u>\$ 2,128,895</u>	<u>\$ 1,858,187</u>	<u>\$ 1,660,023</u>	<u>\$ 1,595,019</u>	<u>\$ 1,328,893</u>	<u>\$ 1,271,493</u>	<u>\$ 20,969,910</u>	<u>\$ (17,946,545)</u>	<u>\$ 3,023,365</u>
		Customer Account Expenses															
904		Uncollectible Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Admin. & General Expenses															
920		Administrative and general salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
921		Office supplies and expenses	2,838	1,501	4,030	3,489	812	566	1,266	219	2,670	6,151	741	9	24,291	(24,291)	-
923		Outside services employed	57,083	5,833	14,333	18,333	5,833	5,833	6,287	12,171	6,219	14,400	24,413	49,864	220,604	20,557,921	20,778,525
924		Property insurance	71,901	71,801	109,610	247,818	101,241	101,241	101,241	100,737	100,737	100,737	1,079,439	614,384	2,800,885	4,571,815	7,372,700
925		Injuries and damages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
926		Employee pensions and benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
927		Franchise Requirements	-	-	3,113	448	496	409	384	462	1,145	(35)	359	472	7,251	(7,026)	225
928		Regulatory commission expenses	40,237	40,237	125,371	42,037	42,037	52,879	42,077	42,037	42,037	42,037	42,037	42,037	595,055	(200,865)	394,190
930.2		Miscellaneous general expenses	(120,538)	186	-	72	2,378	15	5	29	148	587	122	(27,630)	(144,625)	144,625	-
		Total Admin. & General Expenses	<u>\$ 51,521</u>	<u>\$ 119,559</u>	<u>\$ 256,456</u>	<u>\$ 312,197</u>	<u>\$ 152,797</u>	<u>\$ 160,943</u>	<u>\$ 151,259</u>	<u>\$ 155,654</u>	<u>\$ 152,955</u>	<u>\$ 163,876</u>	<u>\$ 1,147,110</u>	<u>\$ 679,135</u>	<u>\$ 3,503,461</u>	<u>\$ 25,042,179</u>	<u>\$ 28,545,640</u>
		Total Operation & Maintenance	<u>\$ 2,396,919</u>	<u>\$ 1,810,420</u>	<u>\$ 1,940,951</u>	<u>\$ 2,053,047</u>	<u>\$ 1,350,351</u>	<u>\$ 2,629,183</u>	<u>\$ 2,280,154</u>	<u>\$ 2,013,841</u>	<u>\$ 1,812,978</u>	<u>\$ 1,758,895</u>	<u>\$ 2,476,003</u>	<u>\$ 1,950,628</u>	<u>\$ 24,473,371</u>	<u>\$ 7,095,634</u>	<u>\$ 31,569,005</u>

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Quantities Applicable to Account 810, 811 and 812
Twelve Months Ended June 30, 2006
Actual and As-Adjusted
(Dths)

Line No.	FERC Acct No.	Description													Twelve Months Ended 30-Jun-06 Actual	Adjustments	Twelve Months Ended 30-Jun-06 As-Adjusted
			Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	(15)	(16)	(17)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)			
1	810	Gas Used for Compressor Station Fuel-Credit	132,226	123,330	96,524	14,385	129,017	122,302	139,669	140,923	146,361	89,601	100,467	98,463	1,333,268	(1,333,268)	-
2	811	Gas Used for Products Extaction-Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	812	Gas Used for Other Utility Operations-Credit	109,253	238,640	(325,020)	399,759	70,372	(99,241)	(39,942)	85,842	299,470	(53,591)	(6,497)	89,150	768,195	(768,195)	-
4		Total	241,479	361,970	(228,496)	414,144	199,389	23,061	99,727	226,765	445,831	36,010	93,970	187,613	2,101,463	(2,101,463)	-

Exhibit No. HIO-36

**Docket No. RP06-
Schedule H-1 (2)(a)**

**HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Fuel Used and Gas Losses (All Accounts)
For the Twelve Months Ended June 30, 2006, as Adjusted**

HIOS fuel costs are recovered by a fuel tracking mechanism established by FERC Order dated January 24, 2005. Therefore, this schedule is not applicable.

Exhibit No. HIO-37

**Docket No. RP06-
Schedule H-1(2)(b)**

**HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Advertising Expense (Account Nos. 913 & 930.1)**

This schedule is not applicable.

Exhibit No. HIO-38

Docket No. RP06-
Schedule H-1 (2)(c)

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.

**Office Supplies and Expenses - Account No. 921
Twelve Months Ended June 30, 2006 Actual, as Adjusted**

Line No.	Particulars	Twelve Months Ended 30-Jun-06 Actual	Adjustments	Twelve Months Ended 30-Jun-06 As-Adjusted
	(1)	(2)	(3)	(4)
1	Miscellaneous	\$ 24,579	\$ (24,579)	\$ -
2	Total	<u>\$ 24,579</u>	<u>\$ (24,579)</u>	<u>\$ -</u>

Exhibit No. HIO-39

**Docket No. RP06-
Schedule H-1 (2)(d)**

**HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Administrative Expenses Transferred – Account No. 922**

This schedule is not applicable.

Exhibit No. HIO-40

Docket No. RP06-
Schedule H-1 (2)(e)

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.

Outside Services Employed - Account No. 923
Twelve Months Ended June 30, 2006 Actual, as Adjusted

Line No.	Particulars	Twelve Months Ended 30-Jun-06 Actual	Adjustments	Twelve Months Ended 30-Jun-06 As-Adjusted
	(1)	(2)	(3)	(4)
1	Miscellaneous	\$ 220,604	\$ 20,557,921	\$ 20,778,525
2	Total	<u>\$ 220,604</u>	<u>\$ 20,557,921</u>	<u>\$ 20,778,525</u>

Exhibit No. HIO-41

**Docket No. RP06-
Schedule H-1 (2)(f)**

**HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Employee Pensions and Benefits – Account 926**

This schedule is not applicable, as HIOS does not have any employees.

Exhibit No. HIO-42

Docket No. RP06-
Schedule H-1 (2)(g)

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.

**Regulatory Commission Expense - Account No. 928
Twelve Months Ended June 30, 2006 Actual, as Adjusted**

Line No.	Particulars	Twelve Months Ended 30-Jun-06 Actual	Adjustments	Twelve Months Ended 30-Jun-06 As-Adjusted
		(1)	(2)	(3)
1	FERC Annual Charge	\$ 499,044	\$ (104,854)	\$ 394,190
2	Other Expenses	96,011	(96,011)	\$ -
3	Total	<u>\$ 595,055</u>	<u>\$ (200,865)</u>	<u>\$ 394,190</u>

Exhibit No. HIO-43

**Docket No. RP06-
Schedule H-1 (2)(h)**

**HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Duplicate Charges – Account No. 929**

This schedule is not applicable.

Exhibit No. HIO-44

Docket No. RP06-
Schedule H-1 (2)(i)

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.

**Miscellaneous General Expenses - Account No. 930.2
Twelve Months Ended June 30, 2006 Actual, as Adjusted**

Line No.	Particulars	Twelve Months Ended 30-Jun-06 Actual	Adjustments	Twelve Months Ended 30-Jun-06 As-Adjusted
	(1)	(2)	(3)	(4)
1	Miscellaneous	\$ (144,625)	\$ 144,625	\$ -
2	Total	<u>\$ (144,625)</u>	<u>\$ 144,625</u>	<u>\$ -</u>

Exhibit No. HIO-45

**Docket No. RP06-
Schedule H-1 (2)(j)**

**HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Intercompany and Interdepartmental Transactions**

This schedule is not applicable.

Exhibit No. HIO-46

**Docket No. RP06-
Schedule H-1 (2)(k)**

**HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Lease Payments Applicable to Gas Operation**

This schedule is not applicable.

High Island Offshore System, L.L.C.
Depreciation Expense
For Twelve Months Ended June 30, 2006, as Adjusted

Line No.	Functional Classification	Utility Plant		Balance At June 30, 2006 As Adjusted	Annual Depreciation Rate (1)	Depreciation
		Balance At June 30, 2006 Actual	Adjustments July 1, 2006 to March 31, 2007			
	(1)	(2)	(3)	(4)	(5)	(6)
	<u>Depreciable Plant</u>					
1	Intangible Plant	\$ 881,419	\$ -	\$ 881,419	1.00%	\$ -
	Transmission Plant					
2	Onshore	\$ 7,030,051	\$ -	\$ 7,030,051	0.19%	\$ 13,357
3	Offshore	\$ 368,133,158	\$ 1,987,800	\$ 370,120,958	0.19%	\$ 703,230
4	Negative Salvage	\$ -	\$ -	\$ -	1.00%	\$ 3,701,210
5	Communication Plant	\$ 3,879,895	\$ 1,210,000	\$ 5,089,895	3.50%	\$ 178,146
6	Other Equipment	\$ 383,914	\$ -	\$ 383,914	0.19%	\$ 729
	General Plant					
7	Office Furniture and Equipment	\$ 406,436	\$ 10,000	\$ 416,436	6.67%	\$ 27,762
8	Transportation Equipment	\$ 2,938,204	\$ -	\$ 2,938,204	10.00%	\$ 293,820
9	Tools, Shop and Garage Equipment	\$ 2,977,448	\$ -	\$ 2,977,448	5.71%	\$ 170,140
10	Computer Equipment	\$ 543,590	\$ -	\$ 543,590	20.00%	\$ 108,718
11	Sub-total	<u>\$ 387,174,115</u>	<u>\$ 3,207,800</u>	<u>\$ 390,381,915</u>		<u>\$ 5,197,112</u>
	<u>Non - Depreciable Plant</u>					
12	Land	\$ 985,152	\$ -	\$ 985,152		
13	Construction Work in Progress	<u>\$ 1,021,514</u>	<u>\$ (88,044)</u>	<u>\$ 933,470</u>		
14	Total	<u>\$ 389,180,781</u>	<u>\$ 3,119,756</u>	<u>\$ 392,300,537</u>		

Note: (1) Intangible Plant is fully depreciated at end of the base period.

High Island Offshore System, L.L.C.
Calculation of Transmission Plant Depreciation Rate

Line No.	Description	Reference	Amount
	(1)	(2)	(3)
	<u>Transmission Gross Plant at 3/31/2007</u>		
1	Onshore Transmission Plant	C-1	\$ 7,030,051
2	Offshore Transmission Plant	C-1	<u>370,504,872</u>
3	Total Transmission Gross Plant		<u><u>377,534,923</u></u>
	<u>Accumulated DD&A at 3/31/2007</u>		
4	Onshore Transmission	D	\$ (5,045,863)
5	Offshore Transmission	D	<u>\$ (366,700,578)</u>
6	Total Accumulated DD&A		<u><u>\$ (371,746,441)</u></u>
7	Net Plant	Line 4 + Line 8	\$ 5,788,482
8	Remaining Life		8
9	Annual Depreciation Expense	Line 9 / Line 10	<u>\$ 723,560</u>
10	Annual Depreciation Rate	Line 11 / Line 4	<u><u>0.19%</u></u>

High Island Offshore System, L.L.C.
Calculation of Offshore Negative Salvage Amortization Rate

Line No.	Description	Reference	Amount
	(1)	(2)	(3)
1	Negative Salvage Study		\$ 44,995,040
2	Accumulated DD&A	D	<u>\$ (15,363,091)</u>
3	Net Plant	Line 1 + Line 2	\$ 29,631,949
4	Remaining Life in Years		8
5	Annual Depreciation Expense	Line 3 / Line 4	<u>\$ 3,703,994</u>
6	Offshore Transmission Plant	H-2	370,120,958
7	Annual Offshore Negative Salvage Rate	Line 5 / Line 6	<u>1.00%</u>

Exhibit No. HIO-49

**Docket No. RP06-
Schedule H-2(1)**

**High Island Offshore System, L.L.C.
Reconciliation of Depreciable Plant**

Reconciliation of the depreciable plant with the aggregate investment in gas plant shown in Statement C is set forth on Statement H (2).

Exhibit No. HIO-50

Docket No. RP06-____
Statement H-3

High Island Offshore System, L.L.C.
Income Taxes

Line No.	Particulars	Reference	Amount
	(1)	(2)	(3)
1	Return Allowance	Statement B	\$ -
2	Management Fee Allowance	Statement A, Line 5	<u>4,172,138</u>
3	Taxable Base	Line 1 + Line 2	<u>\$ 4,172,138</u>
4	Federal Income Taxes	Line 3 x (28.34% / 71.66%)	\$ 1,649,992
5	State Income Taxes		<u>-</u>
6	Total Income Taxes		<u>\$ 1,649,992</u>

Exhibit No. HIO-51

**Docket No. RP06-
Schedule H-3 (1)**

**HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Income Taxes Paid State Government**

This schedule is not applicable.

Exhibit No. HIO-52

**Docket No. RP06-
Schedule H-3 (2)**

**HIGH ISLAND OFFSHORE SYSTEM
Reconciliation Between Depreciable Plant
and Tax Depreciable Plant and
Accumulated Provision for
Deferred Income Taxes**

See Schedule B-1 Page 2 of 3.

HIGH ISLAND OFFSHORE SYSTEM
Other Taxes

Line No.	Particulars	Twelve Months Ended 30-Jun-06 Actual	Adjustments	Twelve Months Ended 30-Jun-06 As-Adjusted
(1)		(2)	(3)	(4)
1	Ad Valorem	\$ 167,754	\$ -	\$ 167,754
2	Payroll Tax (Note 1)	\$ 252,846	\$ (252,846)	\$ -
3	Total	<u>\$ 420,600</u>	<u>\$ (252,846)</u>	<u>\$ 167,754</u>

Note 1: Payroll taxes are billed to HIOS as part of the Operating Services Agreement (OSA). Based on adjustments made to the OSA and reflected on H-1.1, (\$252,296) of the above amount is eliminated in Adjustment No. 3 per H-1-1, Page 3 of 7, Col. 3, line 3. Additionally, \$(550) is eliminated as a result of Adjustment No. 5 per H-1.1, Page 5 of 7, Col. 3, line 4.

**High Island Offshore System, L.L.C.
Functionalization of Cost-of -Service**

High Island Offshore System's only function is the transmission of natural gas. Therefore, all of High Island Offshore System's costs are functionalized as transmission.

Exhibit No. HIO-55

**Docket No. RP06-
Schedule I-1(b)**

**High Island Offshore System, L.L.C.
Incremental and Non-Incremental Cost of Service**

This schedule is not applicable to HIOS, as none of HIOS's facilities are billed on an incremental basis.

Exhibit No. HIO-56

**Docket No. RP06-
Schedule I-1(c)**

**High Island Offshore System, L.L.C.
Cost of Service by Zone**

This schedule is not applicable as HIOS does not design rates by zone. HIOS designs a system wide rate and does not allocate costs by zone.

Exhibit No. HIO-57

**Docket No. RP06-
Schedule I-1(d)**

**High Island Offshore System, L.L.C.
Allocation of Common and Joint Expenses**

This schedule is not applicable to HIOS, as HIOS has no common or joint costs that require allocation.

High Island Offshore System, L.L.C.
Classification of Cost-of-Service

Line No.	Particulars (1)	Total (2)	Transmission	
			Fixed / Reservation (3)	Variable / Usage (4)
	Operating Expenses			
1	850 Supervision & engineering	\$ -	\$ -	\$ -
2	851 System control and load dispatching	-	-	-
3	852 Communication system expenses	-	-	-
4	853 Compressor station Labor & exp.	-	-	-
5	854 Gas for Compressor Station Fuel	-	-	-
6	856 Mains expenses	30,397	30,397	-
7	857 Measuring & regulation station exp.	2,803,332	2,803,332	-
8	859 Other expenses	189,636	189,636	-
9	860 Rents	-	-	-
10	Total Operation	<u>\$ 3,023,365</u>	<u>\$ 3,023,365</u>	<u>\$ -</u>
11	861 Supervision & Engineering	\$ -	\$ -	\$ -
12	862 Structures & improvements	-	-	-
12	863 Mains	-	-	-
13	864 Compressor station equip.	-	-	-
13	865 Measuring & regulation station equip.	-	-	-
14	866 Communication Equipment	-	-	-
14	867 Other equipment	-	-	-
15	Total Maintenance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
16	904 Uncollectible Accounts	\$ -	\$ -	\$ -
17	920 Administrative and general salaries	\$ -	\$ -	\$ -
18	921 Office supplies and expenses	-	-	-
19	923 Outside services employed	20,778,525	20,778,525	-
20	924 Property insurance	7,372,700	7,372,700	-
21	925 Injuries and damages	-	-	-
22	926 Employee pensions and benefits	-	-	-
23	927 Franchise Requirements	225	225	-
24	928 Regulatory commission expenses	394,190	394,190	-
25	930.2 Miscellaneous general expenses	-	-	-
26	Total A&G	<u>\$ 28,545,640</u>	<u>\$ 28,545,640</u>	<u>\$ -</u>
27	Total O&M	<u>\$ 31,569,005</u>	<u>\$ 31,569,005</u>	<u>\$ -</u>
28	Depreciation	\$ 1,495,902	\$ 1,495,902	\$ -
29	Negative Salvage	3,701,210	3,701,210	-
30	Return	-	-	-
31	Management Fee	4,172,138	4,172,138	-
	Taxes			
32	Federal income	1,649,992	1,649,992	-
33	State	-	-	-
34	Other	167,754	167,754	-
35	Total Cost of Service	<u>\$ 42,756,001</u>	<u>\$ 42,756,001</u>	<u>\$ -</u>
36	Revenue Credits	(265,417)	(265,417)	-
37	Net Cost of Service	<u><u>\$ 42,490,584</u></u>	<u><u>\$ 42,490,584</u></u>	<u><u>\$ -</u></u>

Exhibit No. HIO-59

**Docket No. RP06-
Schedule I-3**

**High Island Offshore System, L.L.C.
Allocation of Cost-of-Service**

This schedule is not applicable to HIOS, as HIOS does not directly allocate costs to rate schedules. HIOS calculates a system wide rate and then derives rates for each service from the system wide rate.

Exhibit No. HIO-60

**Docket No. RP06-
Schedule I-4**

**High Island Offshore System, L.L.C.
Transmission and Compression of Gas by Others**

This schedule is not applicable to HIOS, as HIOS does not have any contracts with third parties for transportation and compression of gas by others (FERC Account No. 858).

High Island Offshore System, L.L.C.
Gas Account - Natural Gas
Twelve Months Ended June 30, 2006, Actual and As Adjusted
Volumes in Dth @ 14.73 PSIA

Line No.	Description (1)	Jul-05 (2)	Aug-05 (3)	Sep-05 (4)	Oct-05 (5)	Nov-05 (6)	Dec-05 (7)	Jan-06 (8)
<u>GAS RECEIVED</u>								
1	Gas of Others Received for Transmission (Account 489.2)	19,992,567	20,029,495	12,521,101	7,632,914	21,768,593	19,164,113	18,498,070
2	Gas Received from Shippers as Compressor Station Fuel	205,547	321,714	201,583	118,992	340,712	299,594	289,276
3	Other Receipts	597,455	545,376	371,879	-	-	-	-
4	Total Receipts	<u>20,795,569</u>	<u>20,896,585</u>	<u>13,094,563</u>	<u>7,751,906</u>	<u>22,109,305</u>	<u>19,463,707</u>	<u>18,787,346</u>
<u>GAS DELIVERED</u>								
5	Deliveries of Gas Transported for Others (Account 489.2)	19,924,966	19,868,724	13,093,013	7,218,299	21,911,716	19,404,633	18,691,328
6	Gas Used for Compressor Station Fuel	132,226	123,330	96,524	14,385	129,017	122,302	139,669
7	Other Deliveries	592,210	668,150	223,491	23,216	(16,703)	27,173	-
8	Total Deliveries	<u>20,649,402</u>	<u>20,660,204</u>	<u>13,413,028</u>	<u>7,255,900</u>	<u>22,024,030</u>	<u>19,554,108</u>	<u>18,830,997</u>
9	Gas Unaccounted For	146,167	236,381	(318,465)	496,006	85,275	(90,401)	(43,651)
10	Total Deliveries and Unaccounted For	<u>20,795,569</u>	<u>20,896,585</u>	<u>13,094,563</u>	<u>7,751,906</u>	<u>22,109,305</u>	<u>19,463,707</u>	<u>18,787,346</u>

		Feb-06 (2)	Mar-06 (3)	Apr-06 (4)	May-06 (5)	Jun-06 (6)	Twelve Months Ended June 30, 2006, Actual (7)	Adjustments (8)	Twelve Months Ended June 30, 2006, As Adjusted (9)
<u>GAS RECEIVED</u>									
11	Gas of Others Received for Transmission (Account 489.2)	15,406,534	16,107,627	14,380,979	15,590,412	13,668,397	194,760,802	(47,346,246)	147,414,556
12	Gas Received from Shippers as Compressor Station Fuel	241,406	260,653	184,993	194,136	170,078	2,828,684	(1,339,648)	1,489,036
13	Other Receipts	31,126	562,692	473,830	268,181	237,184	3,087,723	(750,624)	2,337,099
14	Total Receipts	<u>15,679,066</u>	<u>16,930,972</u>	<u>15,039,802</u>	<u>16,052,729</u>	<u>14,075,659</u>	<u>200,677,209</u>	<u>(49,436,518)</u>	<u>151,240,691</u>
<u>GAS DELIVERED</u>									
15	Deliveries of Gas Transported for Others (Account 489.2)	15,434,053	15,932,295	14,559,193	15,645,892	13,575,771	195,259,883	(47,467,572)	147,792,311
16	Gas Used for Compressor Station Fuel	140,923	146,361	89,601	100,467	98,463	1,333,268	155,768	1,489,036
17	Other Deliveries	31,126	590,598	451,717	322,809	323,289	3,237,076	(786,931)	2,450,145
18	Total Deliveries	<u>15,606,102</u>	<u>16,669,254</u>	<u>15,100,511</u>	<u>16,069,168</u>	<u>13,997,523</u>	<u>199,830,227</u>	<u>(48,098,735)</u>	<u>151,731,492</u>
19	Gas Unaccounted For	72,964	261,718	(60,709)	(16,439)	78,136	846,982	(205,901)	641,081
20	Total Deliveries and Unaccounted For	<u>15,679,066</u>	<u>16,930,972</u>	<u>15,039,802</u>	<u>16,052,729</u>	<u>14,075,659</u>	<u>200,677,209</u>	<u>(48,304,636)</u>	<u>152,372,573</u>

**High Island Offshore System, L.L.C.
Comparison and Reconciliation
Revenues With Cost-of-Service
12 Months Ended June 30, 2006, As Adjusted**

Line No.	Description (1)	Reference (2)	Amount (3)
	Transmission Revenues by Rate Schedule -		
1	FT-1	Sch. G-2, p 2, col 14, line 27	\$ -
2	FT-2	Sch. G-2, p 3, col 14, line 27	4,868,377 1/
3	FT-3		-
4	IT - LH	Sch. G-2, p 18, col 11, line 27	31,747,778 2/
5	IT - SH	Sch. G-2, p 18, col 12, line 27	738,303
6	Total Revenues, As Adjusted		<u>\$ 37,354,458</u>
7	Cost of Service	Schedule I-2	<u>\$ 42,490,584 3/</u>
8	Revenue Excess/(Deficiency)		<u><u>\$ (5,136,126)</u></u>

1/ All FT-2 revenue collected pursuant to negotiated rate agreements.

2/ Includes \$289,510 of revenue collected pursuant to negotiated rate agreements.

3/ HIOS does not allocate costs to rate schedules but rather calculates a system wide rate and rates for all services are derived from the system wide rate. See Schedule J-2.

High Island Offshore System, L.L.C.
Calculation of Rate Design Determinants

Line No.	Description	12 Months Ended Jun. 30, 2006, As Adjusted Billing	Rate Design Adjustments		Rate Design Determinants 2/
		Determinants 1/	Impute MDQ	IT- SH	
	(1)	(2)	(3)	(4)	(5)
Reservation Determinants					
Firm Rate Schedules:					
1	FT-1	-	-	-	-
2	FT-2	76,000	-	-	76,000
3	FT-3	-	-	-	-
4	Total Firm	<u>76,000</u>	<u>-</u>	<u>-</u>	<u>76,000</u>
Interruptible Rate Schedules:					
5	IT- LH	-	314,681	-	314,681
6	IT - SH	-	17,274	(10,364)	6,910
7	Total Interruptible	<u>-</u>	<u>331,955</u>	<u>(10,364)</u>	<u>321,591</u>
8	Total Reservation Determinants	<u>76,000</u>	<u>331,955</u>	<u>(10,364)</u>	<u>397,591</u>
Commodity Determinants:					
Firm Rate Schedules:					
9	FT-1	-	-	-	-
10	FT-2	27,740,000	-	-	27,740,000
11	FT-3	-	-	-	-
12	Total Firm	<u>27,740,000</u>	<u>-</u>	<u>-</u>	<u>27,740,000</u>
Interruptible Rate Schedules:					
13	IT- LH	114,858,696	-	-	114,858,696
14	IT - SH	6,304,896	-	(3,782,938)	2,521,958
15	Total Interruptible	<u>121,163,592</u>	<u>-</u>	<u>(3,782,938)</u>	<u>117,380,654</u>
16	Total Commodity Determinants	<u>148,903,592</u>	<u>-</u>	<u>(3,782,938)</u>	<u>145,120,654</u>

1/ From Schedule G-2.

2/ Used to derive rates in Schedule J-2.

**High Island Offshore System, L.L.C.
Derivation of Rates**

Line No.	Description	Total	Fixed	Variable
	(1)	(2)	(3)	(4)
1	Total Cost of Service	\$ 42,490,584	\$ 42,490,584	\$ -
			Reservation	Commodity
2	Derivation of System Rate			
	Design Determinants		397,591	145,120,654
3	System Rate		\$ 8.9058	\$ -
		Derivation Factor As Percentage of FT-3	Maximum Rate	Minimum Rate
	Derivation of Firm Service Rates			
	Reservation			
4	FT-1	93%	\$ 8.2824	\$ -
5	FT-2	100%	\$ 8.9058	\$ -
6	FT-3	100%	\$ 8.9058	\$ -
	Commodity			
7	FT-1	100%	\$ -	\$ -
8	FT-2	100%	\$ -	\$ -
9	FT-3	100%	\$ -	\$ -
	Overrun/Volumetric			
10	FT-1 Long Haul	100%	\$ 0.2723	\$ -
11	FT-1 Short Haul	40% of 100%	\$ 0.1089	\$ -
12	FT-2 Long Haul	100%	\$ 0.2928	\$ -
13	FT-2 Short Haul	40% of 100%	\$ 0.1171	\$ -
14	FT-3 Long Haul	100%	\$ 0.2928	\$ -
15	FT-3 Short Haul	40% of 100%	\$ 0.1171	\$ -
	Derivation of Interruptible Service Rates			
16	Long Haul	100%	\$ 0.2928	\$ -
17	Short Haul	40%	\$ 0.1171	\$ -

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Comparative Balance Sheet

Line No.	Title of Account	Balance at 30-Jun-06	Balance at 30-Jun-05
	(1)	(2)	(3)
	<u>Utility Plant</u>		
1	Utility Plant (101-106,114)	\$ 388,159,268	\$ 387,250,164
2	Construction Work in Progress	1,021,514	1,439,422
3	Total Utility Plant (total of lines 2 and 3)	\$ 389,180,782	\$ 388,689,586
4	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)	396,420,105	395,303,558
5	Net Utility Plant (total of lines 4 less 5)	\$ (7,239,323)	\$ (6,613,972)
	<u>Current and Accrued Assets</u>		
6	Customer Accounts Receivable (142)	\$ 2,330,084	\$ 2,797,731
7	Accounts Receivable from Associated Companies (146)	43,355,507	53,969,070
8	Prepayments	126,110	-
9	Total Current and Accrued Assets	\$ 45,811,701	\$ 56,766,801
	<u>Deferred Debits</u>		
10	Miscellaneous Deferred Debits (186)	\$ -	\$ 7,729,212
11	Accumulated Deferred Income Taxes (190)	5,313,076	12,036,000
12	Total Deferred Debits	\$ 5,313,076	\$ 19,765,212
13	Total Assets and Other Debits	\$ 43,885,454	\$ 69,918,041
	<u>Proprietary Capital</u>		
14	Other Paid-In Capital (208-211)	\$ 3,709,646	\$ -
15	Retained Earnings (215, 215.1, 216)	22,291,927	28,375,695
16	Total Proprietary Capital	\$ 26,001,573	\$ 28,375,695
	<u>Other Noncurrent Liabilities</u>		
17	Accumulated Provision for Rate Refunds (229)	\$ -	\$ 20,686,662
18	Asset Retirement Obligations (230)	15,080	-
19	Total Other Noncurrent Liabilities	\$ 15,080	\$ 20,686,662
	<u>Current and Accrued Liabilities</u>		
20	Accounts Payable (232)	\$ 820,020	\$ 759,288
21	Accounts Payable to Associated Companies (234)	4,085,760	8,005,999
22	Taxes Accrued (236)	87,025	35,644
23	Miscellaneous Current and Accrued Liabilities (242)	35,000	18,750
		\$ 5,027,805	\$ 8,819,681
	<u>Deferred Credits</u>		
24	Other Deferred Credits (253)	\$ 5,361,079	\$ 9,798,003
25	Other Regulatory Liabilities (254)	7,527,917	-
26	Accumulated Deferred Income Taxes - Other Property (282)	2,543,000	(467,000)
27	Accumulated Deferred Income Taxes - Other (283)	(2,591,000)	2,705,000
28	Total Deferred Credits	\$ 12,840,996	\$ 12,036,003
29	Total Liabilities and Other Credits	\$ 43,885,454	\$ 69,918,041

**HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Notes to Financials**

Note 1 - Organization and Nature of Operations

High Island Offshore System, L.L.C. (HIOS or the Company), a Delaware limited liability company, is a wholly owned direct subsidiary of Enterprise GTM Holdings L.P. (GTM) which is wholly-owned by Enterprise Products Operating L.P. (Enterprise).

The Company owns an undersea natural gas transmission system consisting of 204 miles of pipeline, which includes three supply legs that connect to a 42-inch diameter mainline. The Company transports natural gas received from fields located in the Galveston, Garden Banks, High Island, West Cameron and East Breaks areas of the Gulf of Mexico to a junction platform owned by the Company located in West Cameron Block 167. The Company provides transportation services as authorized by the Federal Energy Regulatory Commission (FERC). The Company's major transportation customers include natural gas marketers and producers.

Note 2 - Significant Accounting Policies

Basis of Presentation

These financial statements were prepared in conformity with the accounting requirements of the FERC's Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. The most significant differences between accounting principles generally accepted in the United States and the financial statements presented herein are (1) FERC does not permit "push down" accounting for a purchase acquisition, (2) presentation of removal costs collected from customers, (3) classification of certain accounts on the balance sheet and statements of income and, (4) accounting for income taxes on a regulatory basis as if the Company was a corporation.

Cash Management

Enterprise provides cash management services to the Company through a centralized treasury system. As a result, all of the Company's direct charges, allocated salaries and overhead expenses were deemed to have been paid by the Company to Enterprise, in cash, during the period in which the cost was recorded in the financial statements. In addition, all of the Company's cash receipts were advanced to Enterprise as they were received. As a result of using these centralized treasury systems, the difference between cash receipts advanced to Enterprise and the direct charges, allocated salaries and overhead expenses paid by Enterprise on the Company's behalf is reflected as a net change in advances to/from Enterprise as part of accounts receivable and/or payable to associated companies in the Company's financial statements. In 2005, the Company entered into a new Cash Management Agreement with Enterprise which specifies that the net Receivable from Associated Companies will generally be settled by recoding an equity distribution to Enterprise,

and as such, interest is neither paid nor received on the cash swept between the Company and Enterprise. In the event that the Company enters into inter-company debt with Enterprise, interest income or expense will be recorded. See Note 4 regarding detail of related party transactions. In accordance with the cash management policy, Enterprise has the discretion to deem the net Receivable from Associated Companies a capital distribution.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities that exist at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. While the Company believes its estimates are appropriate, actual results can, and often do, differ from those estimates.

Utility Plant

Utility plant is stated at cost and includes all costs of construction and an allowance for funds used during construction. For the one month ended July 31, 2005 depreciation and amortization of utility plant was computed on a straight-line method at a composite annualized rate of approximately 1.3%. After July 31, 2005, as a result of a rate case (see Note 5), depreciation and amortization of utility plant is computed on a straight-line method at a composite annualized rate of approximately 0.3%. These rates include a negative salvage provision for offshore properties at an annualized rate of approximately 0.2%. Gains or losses on retirement that are significant or include an entire operating unit are included in income. All other dispositions or retirements are recorded as an adjustment to accumulated depreciation. Major improvements are capitalized while maintenance and repairs are expensed as incurred.

Accounting for the Impairment or Disposal of Long-Lived Assets

The Company applies the provisions of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, to account for impairment and disposal of long-lived assets. Accordingly, the Company evaluates the recoverability of long-lived assets when adverse events or changes in circumstances indicate that the carrying value of an asset or group of assets may not be recoverable. The Company determines the recoverability of an asset or group of assets by estimating the undiscounted cash flows expected to result from the use and eventual disposition of the asset or group of assets at the lowest level for which separate cash flows can be measured. If the total of the undiscounted cash flows is less than the carrying amount for the assets, the Company estimates the fair value of the asset or group of assets and recognizes the amount by which the carrying value exceeds the fair value, less cost to sell, as an impairment loss in income from operations in the period the impairment is determined.

Cash and Cash Equivalents

The Company considers short-term investments with an original maturity of less than three months with little risk of change in value because of changes in interest rates to be cash equivalents.

Fair Value of Financial Instruments

The estimated fair value of all financial instruments approximates their carrying amounts in the accompanying balance sheets due to the short-term maturity of these instruments.

Allowance for Doubtful Accounts

Collectibility of accounts receivable is reviewed regularly and an allowance is recorded as necessary, primarily under the specific identification method. At June 30, 2006 and 2005, a reserve was not necessary.

Revenue Recognition

Gas transmission revenues represent a two-part transportation fee, consisting of a reservation rate and a usage rate. Reservation revenues are recognized monthly regardless of throughput levels. A usage rate is billed to shippers upon receipt of natural gas into the pipeline system.

Fuel Use, Loss and Unaccounted For

During the latter half of 2002, the Company experienced a significant unfavorable variance between the actual compressor fuel and unaccounted for gas ("Company Use") and the amounts collected from our customers. This was primarily associated with an unexplained increase in Company Use which was not contemporaneously collected from our customers. The Company initially believed a series of events may have contributed to this variance, including two major storms that hit the Gulf Coast Region (and these assets) in late September and early October 2002. To verify and then determine if it could mitigate the increase, the Company conducted a thorough review of its operations. This review included, among other things, a) inspection of meters, b) verification of deliveries with interconnecting pipelines, and c) validation of the Company Use calculations for the period in question. However, the Company was unable to determine the exact cause of the increase in Company Use. As of June 30, 2005 and August 1, 2005, the Company had recorded Company Use differences of approximately \$7.5 million and \$8.1 million, respectively, which had been included in Miscellaneous Deferred Debits on the Comparative Balance Sheet. On February 14, 2005, the Company filed in compliance with a FERC Order to, among other things, revise the methodology underlying the collection of Company Use from the customers. This methodology would have allowed the Company to remain whole on Company Use. However, the FERC rejected the Company's proposal, ordering the implementation of a different methodology and denying the ability to recapture historical losses. Consequently, the Company has written off the \$8.1 million balance in Miscellaneous Deferred Debits related to the Company Use difference to Operation Expenses on the Statement of Income.

Cash Distributions

Distributions are made from available funds at the discretion of Enterprise. No distributions were made during the twelve months ended June 30, 2006.

Income Taxes

The Company is organized as a Delaware limited liability company and is disregarded for Federal income tax purposes. Income taxes associated with its operations are the responsibility of its owner and would not generally be reflected in its financial statements. The Company's approved rates, however, include an allowance for income taxes, calculated as if the Company was a corporation, and FERC requires that it record such taxes in its accounting records to reflect the income tax obligation of the Company's owner as a result of its operations.

The Company's recorded income taxes are based on income reported for tax return purposes along with a provision for deferred income taxes. Deferred income taxes reflect the estimated future tax consequences of differences between the financial statement and tax bases of assets and liabilities and carryovers at each year end. The computation of the current and deferred income tax provision assumes the use of an accelerated method for calculating tax depreciation. The Company accounts for tax credits under the flow-through method, which reduces the provision for income taxes in the year the tax credits first become available. The Company reduces deferred tax assets by a valuation allowance when, based on our estimates, it is more likely than not a portion of those assets will not be realized in a future period. The estimates utilized in the recognition of deferred tax assets are subject to revision, either up or down, in the future periods based on new facts or circumstances.

The Company's income tax allowance is reflected in its income statement as tax expense and the related current tax liability and deferred tax liabilities and assets are reflected in its balance sheet offset by a corresponding entry to the taxes retained in the company account and retained earnings. As distributions are made to fund the Company owner's tax liability, the current taxes payable account is reduced with an offset to the taxes retained in the company account. For 2006 and 2005, the taxes retained in the company account is included in FERC account 253, Other Deferred Credits.

	June 30,	
	2006	2005
	(in thousands)	
Taxes Retained in Company	\$ (5,361)	\$ (9,798)
	=====	=====
Deferred Tax Assets or (Liabilities) Related to:		
Property, Plant and Equipment	(2,543)	467
Fuel Tracker	2,636	(2,642)
Negative Salvage	5,311	4,795
Provision for Rate Refunds	2	7,241
Prepaid FERC Annual Charge	(45)	(63)
	-----	-----
Net Deferred Tax Asset	\$ 5,361	\$ 9,798
	=====	=====

Asset Retirement Obligations

Under Statement of Financial Accounting Standards (SFAS) No. 143, "Accounting for Asset Retirement Obligations," a company must record a liability for its legal obligations resulting from the eventual retirement of its tangible long-lived assets, whether that obligation results from the acquisition, construction, or development of the asset. Financial Accounting Standards Board Interpretation (FIN) 47 concludes that, if required legally, the obligation associated with the asset's retirement is inevitable even though uncertainties exist about the timing and/or method of settling the obligation. According to FIN 47, these uncertainties affect the fair value of the liability, rather than prevent the need to record one at all. Additionally, the ability of a company to postpone indefinitely the settlement of the obligation, or to sell the asset prior to its retirement, does not relieve a company of its present duty to settle the obligation. The Company adopted FIN 47 on December 31, 2005.

Under the Company's FERC approved tariff rates, it is collecting from customers negative salvage amounts to be used to offset any future cost of removal obligations. These amounts are reflected in accumulated depreciation, depletion and amortization in the balance sheet. The amount collected as of June 30, 2006 and 2005 was \$14.8 million and \$14.1 million, respectively. The total collections, which will be made over time, will be used for any future removal costs.

As of June 30, 2006, the Company has recorded an asset retirement obligation of \$15 thousand by reclassifying the amount from negative salvage previously recorded in accumulated depreciation. The Company is obligated to return to its customers any amounts that exceed its actual costs.

Note 3 - Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of trade accounts receivable. The concentration of credit risk in a relatively small number of customers in the natural gas industry affects the Company's overall exposure to credit risk because the Company's customers may be similarly affected by changes in economic and other conditions. The percentage of total revenues from major customers were as follows for the twelve months ended December June 30, 2006:

ExxonMobil Corp.	18.5%
Louis Dreyfus Energy Services	10.7%

Note 4 - Related Party Transactions

Balances in accounts receivable and accounts payable with associated companies include activities in the normal course of business. In addition, Enterprise collects cash and makes disbursements on the

Company's behalf as part of its operating activities or may make advances to the Company for purposes of the Company's capital investment. Net payables or advances are classified as current liabilities in the accompanying balance sheets given they are payable on demand. Historically, neither the Company nor Enterprise has demanded repayment of these amounts. See Note 2, Cash Management, regarding settlement of associated company receivables and payables.

At June 30, 2006 and 2005, the Company had accounts receivable from associated companies, FERC account 146, of approximately \$43.4 million and \$54.0 million, respectively. At June 30, 2006 and 2005 the Company had accounts payable to associated companies, FERC account 234, of approximately \$4.1 million and \$8.0 million, respectively.

The following table shows revenues and charges from affiliates for the twelve months ended June 30, 2006 (in thousands):

Revenues from Affiliates	\$ -
Charges from Affiliates	\$ 12,998

Note 5 - Regulatory Matters

The Company is subject to the jurisdiction of the FERC in accordance with the Natural Gas Act of 1938 and the Natural Gas Policy Act of 1978. The Company operates under a FERC approved tariff that governs its operations, terms and conditions of service, and rates.

The Company filed a rate case on December 31, 2002 as required by a previous FERC order. The subject rates were approved to be effective July 1, 2003, subject to refund. In August 2004, the Company filed an offer of settlement to resolve all issues in the rate case with the FERC. On January 24, 2005, FERC issued an order rejecting the Company's settlement offer resulting in rates significantly lower than the rate proposed in the Company's settlement offer. On February 23, 2005, the Company filed a request for rehearing with the FERC. On July 7, 2005, the FERC issued an Order accepting, with modifications, the Company's compliance filing and denying all requests for rehearing. Further, FERC required the Company to implement the approved litigated rate and to make refunds to its customers. On August 8, 2005 the Company issued refunds to its customers pertaining to the July 2003 through December 2004 period. The Company had fully reserved for these refunds and other potential refunds associated with this proceeding. The Company filed for rehearing of the July 7, 2005 order, specifically with respect to (1) the effective date of the FERC approved transportation rate and (2) the transitional true-up for the fuel mechanism. On September 6, 2005 the Company filed a petition for review with the District of Columbia Court of Appeals on those issues which the FERC had denied rehearing. On October 31, 2005 the Company filed its List of Non-Binding issues with the Court. On December 16, 2005 the FERC issued an order granting rehearing as to the issue of the appropriate refund effective date and ordered the Company to make refunds within 30 days with interest for overcollections for the period from July 7, 2005 through August 1, 2005. The FERC also clarified that for the initial fuel true-up filing in April

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Statement L
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2006, the period to use is August 1, 2005 through December 31, 2005, rather than a full twelve months. The FERC denied rehearing on the request to include the prior fuel undercollections. On February 16, 2006, the Company filed an appeal with the Court of Appeals regarding several issues in this case. On June 16, 2006, the Company filed a motion to consolidate its appeal with that of Petal Gas Storage, L.L.C., which included similar issues. The Court granted the motion to consolidate on August 4, 2006 and initial briefs are due on September 20, 2006. Because the economic effect of remaining issues on appeal have been removed from income and the balance sheet, the outcome of this appeal cannot have a negative impact on the Company. The Company filed an Offer of Settlement with FERC on August 11, 2006. Settlement provisions include, among other things, a reduction in the Company's fuel rate from 1.23% to 1%, a semi-annual adjustment if needed, and a settlement payment to the active parties.

The following table reflects the activity in the Accumulated Provision for Rate Refunds, FERC Account 229, during the twelve months ended June 30, 2006 (in thousands):

Balance at June 30, 2005	\$ 20,687
Current period provision for rate refunds, with Interest	(2,152)
Less: Customer refunds	<u>(18,535)</u>
Balance at June 30, 2006	\$ - =====

Note 6 - Commitments and Contingencies

In the normal course of business, the Company may be a party to certain lawsuits and administrative proceedings before various courts and governmental agencies involving, for example, contractual matters, employment matters, employment disputes, environmental issues and other matters. While the outcome of these items cannot be predicted with certainty, based on information known to date, the Company does not expect the ultimate resolution will have a material adverse effect on its financial position, results of operations or cash flows. As new information becomes available or relevant developments occur, the Company will establish accruals as appropriate.

Note 7 - Provision for Income Taxes

The following table reflects the components of income tax expense/(benefit) for the twelve months ended June 30, 2006 (in thousands):

Current Benefit:	
Federal	\$ (6,567)
Deferred Provision, Net:	
Federal	4,435
State	<u>\$ 2</u>
Total Income Tax Benefit	<u>\$ (2,130)</u> =====

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A reconciliation of the federal statutory tax rate to the effective tax rate applicable to income before provision for income taxes for the twelve months ended June 30, 2006 is as follows (in thousands):

Income Tax Benefit at the Statutory Rate of 35%	\$(2,128)
State Income Tax Benefit, Net	<u>(2)</u>
Income Tax Benefit	\$(2,130) =====

The following are the components of the deferred tax asset (liability) at June 30:

	<u>2006</u>	<u>2005</u>
	(in thousands)	
Deferred Tax Liability:		
Property, Plant and Equipment	\$ 2,543	\$ (467)
Fuel Tracker	(2,636)	2,642
Prepaid FERC Annual Charge	<u>45</u>	<u>63</u>
	<u>(48)</u>	<u>2,238</u>
Deferred Tax Asset:		
Provision for Rate Refunds	2	7,241
Negative Salvage	<u>5,311</u>	<u>4,795</u>
	<u>5,313</u>	<u>12,036</u>
Net Deferred Tax Asset	\$ 5,361 =====	\$ 9,798 =====

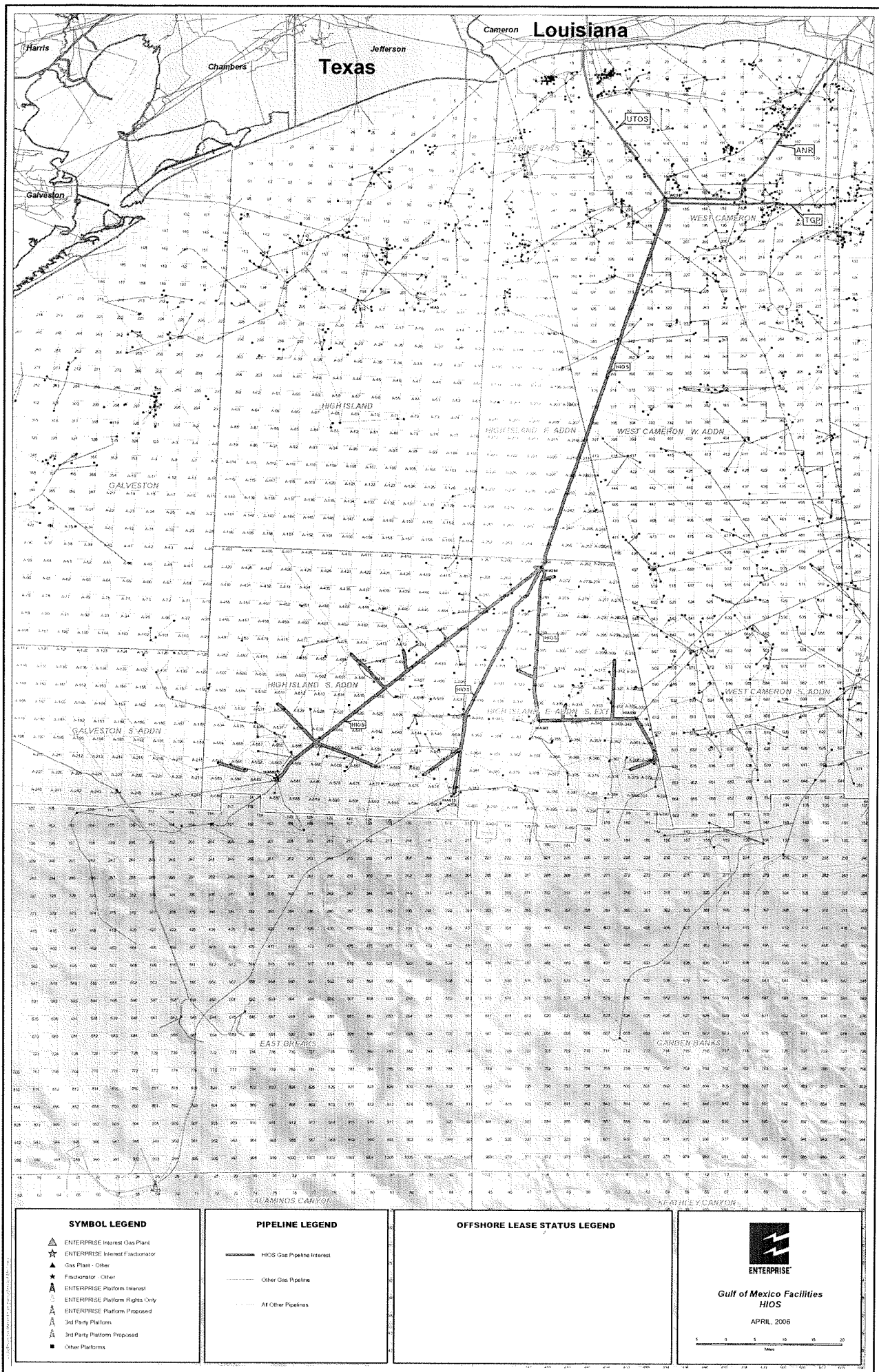
HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
Statement of Income
For the Twelve Months Ended June 30, 2006

Line No.	Description	Amount
	(1)	(2)
	<u>Utility Operating Income</u>	
1	Gas Operating Revenues (400)	\$ 23,313,358
2	Operating Expenses (401)	\$ 25,183,732
3	Maintenance Expenses (402)	1,429,136
4	Depreciation Expense (403)	2,209,662
5	Taxes Other than Income Taxes (408.1)	420,600
6	Income Taxes - Federal (409.1)	(6,567,000)
7	Provision of Deferred Income Taxes (410.1)	12,305,000
8	(Less) Provision for Deferred Income Taxes-Credit (411.1)	7,868,076
9	Accretion Expense (411.10)	669
10	Total Utility Operating Expenses	<u>\$ 27,113,723</u>
11	Net Utility Operating Income	<u>\$ (3,800,365)</u>
	<u>Interest Charges</u>	
12	Interest on Debt to Associated Companies (430)	\$ 48,583
13	Other Interest Expense (431)	153,327
14	(Less) Allowance for Borrowed Funds Used During Construction-Credit (432)	48,583
15	Net Interest Charges	<u>\$ 153,327</u>
16	Net Income	<u><u>\$ (3,953,692)</u></u>
	<u>Unappropriated Retained Earnings</u>	
17	Balance-Beginning of Period	\$ 28,375,695
18	Balance Transferred from Income (433)	(3,953,692)
19	Tax Retained in Company Adjustment to Retained Earnings	<u>(2,130,076)</u>
20	Balance-end of period	<u><u>\$ 22,291,927</u></u>

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**High Island Offshore System, L.L.C.
Detailed Map**

See attached updated system map.



**High Island Offshore System, L.L.C.
History of Major Expansion Filings
Years 1991 through 2006**

There has been no major expansion of facilities for the period 1991 through 2006.

**High Island Offshore System, L.L.C.
Description of Design and Operation**

The High Island Offshore System (HIOS) was designed and initially operated to provide firm gas transportation service to parties desiring to enter into long-term contracts. However, all of the original firm service agreements have reached their initial terms and have been terminated by the respective shippers. Two (2) non-affiliated shippers currently maintain firm (Rate Schedule FT-2) service agreements, with a total commitment of less than one tenth of HIOS' originally certificated capacity. HIOS became an open access transporter in accordance with FERC Order NO. 509 on April 1, 1990. On November 1, 1993, HIOS initiated restructured services under its FERC Order No. 636 compliance filing. Under the provisions of these Orders, HIOS also provides interruptible transportation service. A monthly average of 45 shippers currently transport gas on an interruptible basis. HIOS facilities incorporate a spare compressor unit at the High Island Block 264 compressor complex to assure continuity of service to its Shippers.

The gas flow formula (attached) used in the design calculations for HIOS is the Rhodes formula. The Rhodes formula was originally developed by the Ford, Bacon and Davis Engineering firm exclusively for the use of ANR Pipeline Company, the original operator of HIOS. The formula is based upon actual data and contains all of the components which are standard in gas flow formulas.

The brake horsepower formula (attached) used in the design calculations is the standard formula for such calculations, as defined by the American Gas Association. The variables used within the equation are based on actual data from ANR Pipeline's operation experience. When appropriate, manufacturer's curves are used (for instance, to determine the effect of ambient temperatures).

All materials specifications, design, construction and testing of the facilities are in accordance with Minimum Federal Safety Standards for Transportation of Natural Gas by Pipeline, Part 192, Title 49, Code of Federal Regulations.

High Island Offshore System, L.L.C.
Gas Flow Formula

$$Q = 211.35 \cdot \frac{T_o}{P_o} \cdot \left[\frac{1}{G} \right]^{0.46} \cdot \left[\frac{1}{Z} \right]^{0.081} \cdot \left[\frac{B(P_1^2 - P_2^2)}{TL} \right]^{0.541} \cdot E \cdot D^{2.624}$$

Where:

Q = Flow, cu. Ft. per day, measured at base pressure and temperature

P_o = Base Pressure, lbs. Per sq. in. absolute

T_o = Base Temperature, deg. F. absolute

G = Specific Gravity, (air = 1.0), 0.6

Z = Viscosity, lbs. Per ft. sec.

B = Supercompressibility Factor

T = Flow Temperature, deg. F. absolute

D = Inside Diameter of Pipe, inches

P₁ = Line inlet Pressure, lbs. Per sq. in. absolute

P₂ = Line Outlet Pressure, lbs. Per sq. in. absolute

L = Length of Pipeline, miles

E = Line Flow Efficiency

**High Island Offshore System, L.L.C.
Power To Compress Natural Gas**

$$H = 3.03 \times \frac{P_o}{E} \times \frac{n}{n-1} \times \frac{T_s}{T_o} \times \left[R \frac{1}{n} - 1 \right] + K$$

Where:

H = Brake Horsepower per MMCF per day

P_o = Base Pressure, lbs. Per sq. in. absolute

T_o = Base Temperature, deg. F. absolute

T_s = Suction Temperature, deg. F. absolute

n = Specific Heat Ratio

R = Compression Ratio

E = Efficiency

K = Valve Losses