Exhibit 1

FRANCHISE AGREEMENT

The following statements are true and correct and constitute the basis upon which the City of Fort Worth has executed this Franchise Agreement.

A. The City Council of the City of Fort Worth has adopted an ordinance that grants SiENERGY, LP., a franchise to construct, install, maintain and repair a system of pipelines and other facilities for the provision, distribution and transportation of Gas in, over, under, along and across the public rights-of-way in the City of Fort Worth and to transact business related to the provision, distribution and transportation of Gas through such pipelines and other facilities (**"Franchise Ordinance"**), subject to the execution by Company.

B. In accordance with the Franchise Ordinance, Company desires to enter into this Franchise and guarantees unconditional performance of its duties and obligations under this Franchise.

Agreement

1. DEFINITIONS.

Capitalized terms used in this Franchise and not otherwise defined within this Franchise shall have the following meanings:

Affiliate shall mean any individual, partnership, association, joint stock company, limited liability company, trust, corporation, or other Person or entity who owns or controls, or is owned or controlled by, or is under common ownership or control with Company.

Company shall mean SiENERGY, L.P., and its successors and lawful assigns.

City shall mean the area within the corporate limits of the City of Fort Worth, Texas and the governing body of the City of Fort Worth, Texas.

Commission shall mean the Railroad Commission of the State of Texas or other authority succeeding to the regulatory powers of the Commission.

Customer shall mean any Person located, in whole or in part, within the City and that is or may be served by Company under the terms of this Franchise.

Director shall mean the Director of the City's Department of Transportation/Public Works or authorized representative.

Facilities shall mean all of Company's property, whether real or personal, which is reasonably necessary to provide, distribute or transport Gas into, within and through the City, including, but not limited to, transmission and distribution pipes, mains, Gas compressors and meters.

Franchise shall mean the authorization issued to Company by the City for (i) the construction, installation, maintenance and repair of Company's Facilities in, over, under, along and across the Public Rights-of-Way; (ii) the operation of such Facilities for the provision, distribution and transportation of Gas; and (iii) any other related uses of the Public Rights-of-Way, pursuant to and in accordance with the Franchise Ordinance and this Franchise Agreement.

Gas shall mean gaseous fuels such as natural gas, artificial gas, synthetic gas, liquefied natural gas, manufactured gas, or any mixture thereof.

Gross Receipts shall mean all revenue derived or received, directly or indirectly, by Company from or in connection with the operation of the Facilities within the corporate limits of the City and including, without limitation:

(1) all revenues received by Company from the sale of Gas, including compressed gas, to all classes of Customers within the City; and

(2) all revenues received by Company from the transportation of Gas through the Facilities of Company within the City to Customers located within the City regardless of the origination of the gas within the Company's Facilities; and

(3) the value of Gas transported by Company for Transport Customers through the Facilities of Company within the City, with the value of such Gas to be reported by each Transport Customer to Company, provided, however, that should a Transport Customer refuse to furnish Company its Gas purchase price, Company shall estimate same by utilizing Company's monthly industrial weighted average cost of Gas, as reasonably near the time that the transportation service is performed.

(4) Gross Receipts shall specifically include the following:

(*A*) Other revenues derived from the following charges:

(i) charges to connect, disconnect, or reconnect Gas within the City; and

(ii) charges to handle return checks from consumers within the

City; and

(iii) such other service charges and charges as may, from time to time, be authorized in the rates and charges on file with the City; and

(iv) contributions in aid of construction ("CIAC"), which shall be calculated and paid in accordance with Section 4.1.2 of this Franchise Agreement; and

(*B*) Revenues billed but not ultimately collected or received by Company; and

(*C*) Gross receipts fees.

(5) Gross Receipts shall not include:

(*A*) Revenue of any Person including, without limitation, an affiliate, to the extent that such revenue is also included in Gross Revenues of Company; and

(*B*) Sales taxes; and

(*C*) Any interest income earned by Company; and

(*D*) All monies received from the lease or sale of real or personal property; provided, however, that this exclusion does not apply to the lease of Facilities located within a Public Right-of-Way in the City.

Person shall mean, without limitation, an individual, a corporation, a limited liability company, a general or limited partnership, a sole proprietorship, a joint venture, a business trust or any other form of business entity or association.

Public Right-of-Way shall mean all dedicated public streets, highways, alleys and rights-of-way in the City, but shall not include any property of the City that is not a dedicated public street, highway, alley or right-of-way.

Transfer or **Transferred** shall mean, in addition to supplements set forth in Section 12 of this Franchise, (i) any form of sale, conveyance, assignment, lease, or sublease of all or substantially all of Company's Facilities within the City, or merger involving Company as to this Franchise or Company's Facilities or (ii) any change in the effective control of Company.

Transport Customer shall mean a customer that consumes Gas transported but not sold by Company within the corporate limits of the City.

2. GRANT OF RIGHTS.

2.1. General Use of Public Rights-of-Way for Provision of Gas.

Subject to the terms and conditions set forth in this Franchise and the City Charter and ordinances, the City hereby grants Company the right to (i) erect, construct, install and maintain Facilities in, over, under, along and across the Public Rights-of-Way and (ii) furnish, transport, sell and distribute Gas to Customers in the City. Company hereby acknowledges and agrees that this Franchise does not allow Company to provide any goods or services in or through the City other than Gas.

2.2 Changes to Corporate Limits.

Company agrees that the corporate limits of the City are subject to expansion or reduction by annexation and contraction of municipal boundaries and that Company has no vested right in a specific area. If the Company provide service to any and all areas that may be annexed to the City, such service shall be provided under the same terms and conditions of this Franchise. If the City approves any corporate limits expansion or reduction by annexation or contraction, the city will provide written notice to Company. The company must revise its payments due to any expansion or reduction by annexation or expansion within a reasonable time after notice by the City, but no later than sixty (60) days after receipt of notice.

2.3. Nonexclusive.

This Franchise and all rights granted to Company herein are strictly nonexclusive. The City reserves the right to grant other and future Gas franchises to other Persons in accordance with applicable law and as the City deems appropriate. This Franchise does not establish any priority for the use of the Public Rights-of-Way by Company or by any present or future franchisees or other permit holders. In the event of any dispute as to the priority of use of the Public Rights-of-Way, the first priority shall be to the public generally, the second priority to the City in the performance of its various functions, and thereafter, as between franchisees and other permit holders, as determined by the City in the exercise of its powers, including the police power and other powers reserved to and conferred on it by the State of Texas.

If the City awards a Gas franchise to another entity on terms and conditions which cause a material competitive disadvantage that will lead to material financial hardship to Company, then Company may petition the City Council by (i) describing the manner in which such Gas franchise will cause a material competitive disadvantage to Company and (ii) establishing, with clear and concise financial projections, the manner in which Company will suffer material financial hardship as a result of such disadvantage. The City Council shall promptly hold a hearing providing due process on Company's petition, and if the City Council finds that (i) the provisions of such Gas franchise will lead to or

cause a material competitive disadvantage to Company and (ii) Company has established, with clear and concise financial projections, that such disadvantage will lead to material financial hardship to Company, then the City Council will remedy such disadvantage or hardship in a manner which the City Council, in its sole discretion, deems least harmful (or most beneficial) to the City and its residents. Company hereby agrees that technological issues or changes or advances in technology shall not constitute the basis for Company to assert that it is at a competitive disadvantage, and Company shall not be entitled to the remedies set forth in this paragraph as a result of the City's granting or proposing to grant a Gas franchise to another entity whose system employs more advanced and/or more desirable technology than Company's Facilities.

2.4. Other Permits.

This Franchise does not relieve Company of any obligation to obtain permits, licenses and other approvals from the City necessary for the construction, installation, maintenance or repair of Company's Facilities or the provision, distribution or transportation of Gas through such Facilities.

3. TERM

The term of this Franchise shall be for ten (10) years and become effective on the Effective Date, as established in the Franchise Ordinance, and shall expire at 11:59 P.M. CST ten (10) years from the Effective Date. the **"Term"**). This Franchise and all rights of Company provided hereunder shall automatically terminate upon the expiration of this Franchise. This Franchise Agreement may be renewed for five (5) years upon mutual written consent of the City and Company, each a "Renewal Term." This Franchise Agreement may be renewed as many times as the City and Company mutually agree.

4. FEES AND PAYMENTS TO CITY.

4.1. Franchise Fee.

Company shall pay the City throughout the term of this Franchise an amount equal to five percent (5%) of Company's Gross Receipts (**"Franchise Fee"**). If permitted by applicable law, following at least thirty (30) days' advance written notice to Company, the City may review and change the amount of the Franchise Fee to the amount of the franchise fee applicable to all other Gas utilities within the City by ordinance adopted by the City Council.

4.1.1. Confidential Information Regarding Transport Customers.

Company shall require each of its Transport Customers to disclose to Company on a quarterly basis their aggregate purchase prices of Gas transported

through Company's Facilities. If Company submits any documents to the City that are related to disclosures made to Company by any of its Transport Customers, Company may remove from such documents any information that would disclose either the identity of the Transport Customer or other information deemed confidential by Company, provided that any such removal does not prevent the City from its determining any Transport Customer's purchase prices of Gas transported through Company's Facilities. In order for the City to verify the accuracy of information provided by Company, Company shall, at the City's written request, give the City access to any information deemed confidential by Company and that was removed by Company in documents provided to the City.

4.1.2. Due Date of Franchise Fee.

Except for Franchise Fee amounts that are based on CIAC, Company shall pay the Franchise Fee to the City on a calendar quarterly basis. The Franchise Fee shall be due within forty-five (45) days following the last day of each quarter. The Franchise Fee amounts based on CIAC shall be calculated on an annual calendar year basis, i.e., from January 1 through December 31 of each calendar year. The Franchise Fee amounts that are due based on CIAC shall be paid at least once annually, on or before April 30 of each year, based on the total CIAC recorded during the preceding calendar year.

4.1.3. Effect of Other Municipal Franchise Ordinance Fees Accepted and Paid by Company.

If Company should at any time after the effective date hereof agree to a new municipal franchise ordinance or renews an existing municipal franchise ordinance with another municipality and the franchise fee owed to that municipality for the use of its public rights-of-way would, if applied to the City, result in a Franchise Fee greater than the amount otherwise due the City under this Franchise Agreement, then the Franchise Fee to be paid by Company to the City pursuant to this Franchise Agreement shall be increased so that the amount due and to be paid hereunder is equal to the amount that would be due and payable to the City were the franchise fee provisions of that other municipal franchise ordinance applied to the City. The provisions of this Section 4.1.3 apply only to the amount of the Franchise Fee to be paid to the City and do not apply to other Franchise Fee payment provisions, including, without limitation, the timing of such payments.

4.1.4. Accompanying Report.

Company shall submit with its Franchise Fee payment a written report in a form acceptable to the City and verified by an officer of the Company that summarizes Company's Gross Receipts, including but not limited to, its gross revenues for the preceding calendar quarter upon which franchise fees are calculated, including the amount of revenues received by Company for the

transportation of gas; (ii) the coded identity of Company's Transport Customers during the preceding calendar quarter; and (iii) the cost, volume, and transport fee of gas transported during the preceding calendar quarter for such Transport Customers.

4.1.5. Audits.

The City may audit Company at any time to verify the accuracy of Franchise Fees paid to the City for the prior four (4) years. Company shall pay any additional amounts due the City as reported in any City audit within thirty (30) days following the City's submission to Company of an invoice for such sum, provided that the City Council shall afford Company a fair hearing with reference to the audit and shall either approve or disapprove the results of the audit or make such order as may be reasonable. The City and Company may compel the attendance of witnesses and the production of books and other records in order to assist the City Council in its decisions relating to the accuracy of the Franchise Fees paid to the City. If the additional amount due exceeds ten percent (10%) of the Franchise Fee which the audit shows should have been paid to the City for the period in which the audit covered, Company shall pay the City's costs for the audit. Otherwise, the City shall pay its own costs for the audit.

4.2. Other Payments.

In addition to the Franchise Fee, Company shall pay the City all sums which may be due the City for property taxes, license fees, permit fees, or other taxes, charges or fees that the City may from time to time impose on all other Gas utilities within the City. Company shall reimburse the City for publication of this Franchise as required by the City's Charter.

4.3. Interest.

All sums not paid when due shall bear interest at the rate of ten percent (10%) per annum or the maximum amount allowed by law, whichever is less, computed monthly. If such outstanding sums are paid with interest within thirty (30) days following their respective due dates, Company's failure to pay such sums by their respective due dates shall not, in and of itself, constitute an Event of Default under Section 13 of this Franchise.

4.4. Regulatory Expenses.

Company agrees that City may, at any time during the term of this Franchise, employ at the expense of Company expert assistance and advice in determining fair, just, and reasonable rates to be charged by Company to its consumers in the City, and in determining the extent to which Company is complying with the terms and conditions of this Franchise Ordinance. Company agrees to pay reasonable expenses in connection therewith, or reimburse City for the same.

5. REGULATORY AUTHORITY OF THE CITY.

5.1. Rates.

The City Council hereby expressly reserves the full right, power and authority to regulate and establish the rates and charges for Company's provision, distribution and transportation of Gas and any other services of Company, as provided by and in accordance with Texas law and the City's Charter. Company may from time to time propose changes in its general rates by filing an application with the City Secretary for consideration by the City Council. Within a reasonable time consistent with applicable law, the City Council shall afford Company a fair hearing with reference to the application and shall either approve or disapprove the proposed changes or make such order as may be reasonable. The City shall have the full power and authority to inspect, or cause to be inspected, Company's books and to inventory and appraise, or cause to be inventoried and appraised, Company's Facilities and other real and personal property. In addition, the City may compel the attendance of witnesses and the production of Company's books and other records in order to assist the City Council in its decisions relating to the City's rate regulatory authority.

5.2. Other Matters.

Company's property and operations hereunder shall be subject to such regulation by the City as may be reasonably necessary for the protection or benefit of the general public. In this connection, Company shall be subject to, governed by and shall comply with all applicable federal, state and local laws, including all ordinances, rules and regulations of the City, as same may be adopted and amended from time to time.

6. RECORDKEEPING AND ACCOUNTING.

Company shall keep complete and accurate books of accounts and records of its business and operations in the City pursuant to this Franchise in accordance with the FERC System, or its successor as required by the Commission, of accounts and in a manner that will allow the City to determine investment, cost of service and operating expenses related to Company's provision of Gas to Customers and transportation of Gas to Transport Customers. The City may require the keeping of additional records or accounts which are reasonably necessary for purposes of identifying, accounting for and reporting receipts, uncollectible accounts and expenses or otherwise reasonably necessary for the administration of this Franchise. The City shall have the right to inspect at reasonable times the plant, equipment and other property of Company and its Affiliates (but only to the extent that the Affiliate's plant, equipment and/or other property relates to Company's provision of Gas to Customers and/or transportation of Gas to Transport Customers) in accordance with applicable law and to examine, audit and obtain copies of the papers, books, accounts, documents and other business records of Company pertaining to its business and operations in the City.

7. USE OF PUBLIC RIGHTS-OF-WAY.

7.1. Compliance with Laws, Ordinances, Rules and Regulations.

The City has the right to control and regulate the use of the Public Rights-of-Way, public places and other City-owned property and the spaces above and beneath them. Company shall comply with all applicable laws, ordinances, rules and regulations, including, but not limited to, City ordinances, rules and policies related to construction permits, construction bonds, permissible hours of construction, operations during peak traffic hours, barricading requirements and any other construction rules or regulations that may be promulgated from time to time.

7.2. No Undue Burden.

Company's Facilities shall not be erected, installed, constructed, repaired, replaced or maintained in any manner that places an undue burden on the present or future use of the Public Rights-of-Way by the City and the public. If the City reasonably determines that any of Company's Facilities do place an undue burden on a portion of the Public Rights-of-Way, Company, at Company's sole cost and expense and within a reasonable time period specified by the City, shall modify the Facilities or take other actions determined by the City to be in the public interest to remove or alleviate the burden; provided, however, that Company may recover costs and expenses incurred by Company due to a requirement by the City that Company relocate its Facilities only in accordance with and pursuant to Section 104.112 of the Texas Utilities Code and any successor provision(s) thereto.

7.3. Minimal Interference.

Prior to the undertaking of any kind of construction, installation, maintenance, repairs or other work that requires the excavation, lane closure or other physical use of the Public Rights-of-Way, Company shall, except for work required to address an emergency, provide at least twenty-four (24) hours' advance written notice to the owners of property adjacent to the Public Rights-of-Way that will be affected. In the case of emergencies Company shall provide notice to the affected landowners within twenty-four (24) hours after commencement of work. In addition, during any such work, Company shall provide construction and maintenance signs and sufficient barricades at work sites to protect the public. The use of such traffic control devices shall be consistent with the standards and provisions of Part VI of the Texas Manual on Uniform Traffic Control Devices. Company shall utilize appropriate warning lights at all construction and maintenance sites where one or more traffic lanes are closed or obstructed during nighttime conditions.

Company shall provide City with plans and reports that ensure minimal interference. Such plans and reports may be reviewed by the City to ensure that, among other items, (i) aesthetic and good planning principles have been given due consideration, (ii) adverse

impact on the environment has been minimized, and (iii) that all applicable laws, and air and water pollution regulations, are complied with. Reasonable changes suggested by the City shall be incorporated into the Company's plans.

7.4. "As-Built" Plans and Maps.

Company, at Company's sole cost and expense, shall provide the City with as-built plans of all of Company's Facilities in the City and the City's extraterritorial jurisdiction and maps showing such Facilities within ninety (90) calendar days following the completion of such Facilities and annually thereafter. Company shall supply the textual documentation of such as-built plans and maps in computer format as requested in writing by the City and shall otherwise fully cooperate with the City in ensuring that Company's Facilities are accurately reflected in the City's mapping system.

7.5. Marking of Facilities.

Company's Facilities shall be marked, in a manner that is acceptable to the director of the City's Department of Transportation/Public Works, to show conspicuously Company's name and a toll-free telephone number of Company that a Person may call for assistance.

7.6. Excavation Coordination.

The City shall have the right to coordinate all excavation work in the Public Rights-of-Way in a manner that is consistent with and convenient for the implementation of the City's program for street construction, rebuilding, resurfacing and repair.

7.7. Restoration of Public Rights-of-Way and Property.

Company, at Company's sole cost and expense, and in a manner approved by the City, shall promptly restore any portion of the Public Rights-of-Way, City-owned property or other privately-owned property that are in any way disturbed or damaged by the construction, operation, maintenance or removal of any of Company's Facilities to, at Company's option, as good or better a condition as such property was in immediately prior to the disturbance or damage. Company shall diligently commence such restoration within thirty (30) calendar days following the date that Company first became aware of the disturbance or damage or, if Facilities are being removed, within thirty (30) calendar days following removal of such Facilities.

7.8. Relocation of Facilities.

Within forty-five (45) calendar days following a written request by the City, Company, at Company's sole cost and expense, shall protect, support, disconnect or remove from the Public Rights-of-Way any of its Facilities due to street or other public excavation, construction, repair, grading, regrading or traffic conditions; the installation

of sewers, drains, water pipes or municipally-owned facilities of any kind; the vacation, construction or relocation of streets or any other type of structure or improvement of a public agency; any public work; or any other type of improvement necessary, in the City's sole discretion, for the public health, safety or welfare. If Company reasonably requires more than forty-five (45) days to comply with the City's written request, it shall notify the director of the City's Department of Transportation/Public Works in writing and the City will work in good faith with Company to negotiate a workable time frame. Company may recover costs and expenses incurred by Company due to a requirement by the City that Company relocate its Facilities only in accordance with and pursuant to Section 104.112 of the Texas Utilities Code and any successor provision(s) thereto.

7.9. Emergencies.

7.9.1. Work by the City.

The City shall have the right to sever, disrupt, remove, relocate, damage or destroy any of Company's Facilities without any prior notice and at no liability to the City if such action is deemed necessary by the City Manger, Mayor, Police Chief or Fire Chief or their authorized representatives due to a public emergency. For purposes of this Section 7.9.1, a public emergency shall be any condition which, in the opinion of the officials specified herein, poses an immediate threat to life, health or property and is caused by any natural or man-made disaster, including, but not limited to, storms, floods, fires, accidents, explosion, water main breaks and hazardous materials spills. Company, at Company's sole cost and expense, shall be responsible for the repair, relocation or reconstruction of any of its Facilities that are affected by such action of the City. Company may recover costs and expenses incurred by Company due to a requirement by the City that Company relocate its Facilities only in accordance with and pursuant to Section 104.112 of the Texas Utilities Code.

7.9.2. Work by or on Behalf of Company.

In the event of an emergency directly that involves Company's Facilities in the Public Rights-of-Way and necessitates immediate emergency response work on or repairs to those Facilities, Company may initiate the emergency response work or repairs or take any action required under the circumstances provided that Company notifies the City as promptly as possible. After the emergency has passed, Company shall apply for and obtain a construction permit from the director of the City's Department of Transportation/Public Works and otherwise fully comply with the requirements of this Franchise.

7.10. Removal of Facilities.

Upon the revocation, termination or expiration without extension or renewal of this Franchise, Company's right to use the Public Rights-of-Way under this Franchise shall cease and Company shall immediately discontinue the provision, distribution and

transportation of Gas in or through the City. Within six (6) months following such revocation, termination or expiration, Company, at Company's sole cost and expense, (i) shall remove any and all Facilities from the Public Rights-of-Way that Company wishes to retain and (ii) if requested by the City in writing and in accordance with written instructions by the City, shall remove from the Public Rights-of-Way those Facilities whose removal the City has requested. If any Facilities remain in the Public Rights-of-Way after six (6) months following revocation, termination or expiration of this Franchise, the City may deem all of those Facilities abandoned and, at the City's sole option, may (i) take possession of and title to such property; or (ii) if the Facilities are those whose removal the City previously requested, take any and all legal action necessary to compel Company to remove such property; or (iii) if the Facilities are those whose removal the City did not previously request, compel Company, at Company's sole cost and expense, to remove such property upon provision of written notice to Company that removal is necessary in order to construct, install, alter or repair a public building or other public work; provided, however, that Company may not abandon its facilities or discontinue its services within the City without the approval of the Commission or successor agency or any other regulatory authority with such jurisdiction.

Within six (6) months following revocation, termination or expiration of this Franchise and in accordance with Section 7.7 of this Franchise, Company shall also restore any property, public or private, that is disturbed or damaged by removal of its Facilities. If Company has not restored all such property within this time, the City, at the City's sole option, may perform or have performed any necessary restoration work, in which case Company shall immediately reimburse the City for any and all costs incurred in performing or having performed such restoration work.

8. CUSTOMER SERVICE AND CONSUMER PROTECTION.

8.1. General Standards.

Company shall comply with the more stringent of the Customer service and consumer protection provisions of (i) this Franchise Agreement and any applicable ordinance of the City or (ii) Chapters 182 and 183 of the Texas Utilities Code and Title 16, Subchapter D of the Texas Administrative Code, as such provisions exist or are amended or recodified during the term of this Franchise Agreement.

8.2. Dependable Service and Reasonable Rates.

Company shall take all reasonable and necessary steps to assure a dependable supply of Gas to Customers at the lowest reasonable cost consistent with long-term reliable supplies and in a manner that may be prescribed from time to time by appropriate state and local authorities.

8.3. New Service.

8.3.1. Extension of Facilities.

If a Customer requests Company to provide Customer with Gas, Company shall promptly comply with this request as provided by this Section 8.3. In extending the provision of its services to a new Customer, Company shall extend its mains and other Facilities in the Public Rights-of-Way necessary to provide Gas to such Customer up to one hundred (100) feet without cost to that Customer. Otherwise, Company shall have the right to contract with a Customer in regard to the installation of and payment for any Facilities necessary to connect the Customer's premises with Company's Facilities in the Public Rights-of-Way. Company shall not be required to extend its mains or other Facilities in the Public Rights-of-Way more than one hundred (100) feet to serve any one Customer. No extension of mains is required if the Customer will not use Gas for space heating and water heating, or the equivalent load, at a minimum. Customers requesting mainline extensions shall bear the cost of yard lines, service lines, Customer meters and regulators, and appurtenant equipment.

8.3.2. Ownership of Facilities.

Company shall own, operate and maintain all supply lines extending from Company's main in the Public Right-of-Way to a Customer's meter, including the meter itself. A Customer shall own, operate and maintain all underground supply lines extending from the point of connection with the meter for that Customer to the point of connection with the piping for that Customer's dwelling or structure.

8.4. Customer Notifications.

Company shall provide new Customers or any existing or potential Customer upon request with written information on Company's installation and service policies and billing and complaint procedures, which include a toll-free telephone number that a Customer may call for information, assistance or complaint resolution. In the event that the rules and regulations governing annual notification are changed by statute or appropriate regulatory authority, Company reserves the right to substitute such information for the information set forth in this paragraph.

8.5. Bills.

8.5.1. Format.

Company's bills to its Customers shall be issued monthly to each Customer with a balance due. Bills shall be clear, concise and understandable. Bills shall be fully itemized and clearly delineate all activity during the billing period, including optional charges, rebates, credits, and late charges. Each bill shall prominently display Company's local or toll-free telephone numbers available for use by Customers.

8.5.2. Complaints and Disputes.

Company shall respond in writing to all written complaints from Customers regarding billing matters within thirty (30) days of receipt. Company shall not disconnect a Customer for failure to pay legitimately contested charges during a billing dispute.

9. REPORTS TO CITY.

9.1. Annual Statement.

Company shall make available for inspection by the City all annual reports filed with the Commission or successor agency covering the operation of Company within the City. The City shall have the right to require Company to submit reasonable information regarding Company's properties and expenses related to Company's Facilities and operations in the City that may not be included in such reports, including, but not limited to, a fiscal year-end balance sheet, an income statement covering the results of operations for the respective fiscal year, a statement of retained earnings for the year and a statement of cash flows, all of which the City may require to be audited by an independent certified public accountant acceptable to the City and the Company and to include a statement to that effect by the certified public accountant.

9.2. Construction-Related Reports.

Within fifteen (15) calendar days following the start of each calendar quarter, Company shall provide the Director with a written report in a form acceptable to the Director that outlines Company's plans for construction in the Public Rights-of-Way for the forthcoming eight (8) calendar quarters.

9.3. Other Reports.

Company shall report to the City such other information relating to Company as the City may reasonably consider useful and shall comply with the City's preference for the form of such reports, the time for such reports and the frequency with which such reports are to be made.

10. LIABILITY AND INDEMNIFICATION.

10.1. Liability of Company.

COMPANY SHALL BE LIABLE AND RESPONSIBLE FOR ANY AND ALL PROPERTY LOSS, PROPERTY DAMAGE AND/OR PERSONAL INJURY, INCLUDING DEATH, TO ANY AND ALL PERSONS, OF ANY KIND OR CHARACTER, WHETHER REAL OR ASSERTED, ARISING FROM THE

CONSTRUCTION, INSTALLATION, MAINTENANCE OR REPAIR OF COMPANY'S FACILITIES, THE PROVISION, DISTRIBUTION OR TRANSPORTATION OF GAS IN OR THROUGH THE CITY OR ANY OTHER USE OF THE PUBLIC RIGHTS-OF-WAY BY COMPANY, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES, CONTRACTORS AND SUBCONTRACTORS, EXCEPT TO THE EXTENT DIRECTLY CAUSED BY THE NEGLIGENT ACT(S) OR OMISSION(S) OR INTENTIONAL MISCONDUCT OF THE CITY.

10.2. Disclaimer of Liability.

THE CITY SHALL NOT AT ANY TIME BE LIABLE FOR ANY INJURY OR DAMAGE OCCURRING TO ANY PERSON OR PROPERTY FROM ANY CAUSE WHATSOEVER THAT ARISES OUT OF THE CONSTRUCTION, MAINTENANCE, REPAIR, USE, OPERATION, CONDITION OR DISMANTLING OF COMPANY'S FACILITIES OR COMPANY'S DISTRIBUTION, PROVISION OR TRANSPORTATION OF GAS, EXCEPT TO THE EXTENT DIRECTLY CAUSED BY THE NEGLIGENT ACT(S) OR OMISSION(S) OR INTENTIONAL MISCONDUCT OF THE CITY.

10.3. Indemnification.

COMPANY, AT COMPANY'S SOLE COST AND EXPENSE, SHALL INDEMNIFY AND HOLD HARMLESS THE CITY, ITS OFFICERS, BOARDS, COMMISSIONS, AGENTS, EMPLOYEES AND VOLUNTEERS ("INDEMNITEES"), FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, DAMAGES, PENALTIES, CLAIMS, LIENS, COSTS, CHARGES, LOSSES AND EXPENSES, WHETHER LEGAL OR EQUITABLE, WHICH MAY BE IMPOSED UPON, INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEES BY REASON OF ANY PERSONAL INJURY OR PROPERTY DAMAGE OR ANY ACT OR OMISSION OF COMPANY, ITS PERSONNEL, EMPLOYEES, OFFICERS, AGENTS, CONTRACTORS OR SUBCONTRACTORS WHICH MAY ARISE OUT OF OR BE IN ANY WAY CONNECTED WITH (I) THE CONSTRUCTION, INSTALLATION, OPERATION, MAINTENANCE OR CONDITION OF COMPANY'S FACILITIES; (II) THE PROVISION, DISTRIBUTION OR TRANSPORTATION OF GAS THROUGH COMPANY'S FACILITIES; (III) ANY CLAIM OR LIEN ARISING OUT OF WORK, LABOR, MATERIALS OR SUPPLIES PROVIDED OR SUPPLIED TO COMPANY, ITS CONTRACTORS OR SUBCONTRACTORS; OR (IV) COMPANY'S FAILURE TO COMPLY WITH ANY FEDERAL, STATE OR LOCAL LAW, ORDINANCE, FRANCHISE, RULE OR REGULATION, EXCEPT TO THE EXTENT CAUSED BY THE NEGLIENT ACTS OR OMISSIONS OR INTENTIONAL MISCONDUCT OF THE CITY.

10.4. Assumption of Risk.

COMPANY HEREBY UNDERTAKES AND ASSUMES, FOR AND ON

BEHALF OF COMPANY, ITS OFFICERS, AGENTS, CONTRACTORS, SUBCONTRACTORS AND EMPLOYEES, ALL RISK OF DANGEROUS CONDITIONS, IF ANY, ON OR ABOUT ANY CITY-OWNED OR CITY-CONTROLLED PROPERTY, INCLUDING, BUT NOT LIMITED TO, THE PUBLIC RIGHTS-OF-WAY. IN ADDITION, COMPANY HEREBY AGREES TO AND SHALL INDEMNIFY AND HOLD HARMLESS ANY INDEMNITEE AGAINST AND FROM ANY CLAIM ASSERTED OR LIABILITY IMPOSED UPON ANY INDEMNITEE FOR ANY PERSONAL INJURY OR PROPERTY DAMAGE INCURRED OR ASSERTED BY COMPANY OR ANY OF ITS PERSONNEL, EMPLOYEES, OFFICERS AGENTS, SERVANTS, CONTRACTORS OR SUBCONTRACTORS, AND ARISING FROM THE INSTALLATION, OPERATION, MAINTENANCE OR CONDITION OF FACILITIES, EXCEPT TO THE EXTENT CAUSED BY THE NEGLIENT ACTS OR OMISSIONS OR INTENTIONAL MISCONDUCT OF THE CITY.

10.5. Defense of Indemnitees.

IN THE EVENT ANY ACTION, LAWSUIT OR OTHER PROCEEDING IS BROUGHT AGAINST ANY INDEMNITEE BY REASON OF ANY MATTER FOR WHICH THE INDEMNITEES ARE INDEMNIFIED HEREUNDER, THE CITY SHALL GIVE COMPANY PROMPT WRITTEN NOTICE OF THE MAKING OF ANY CLAIM OR COMMENCEMENT OF ANY SUCH ACTION, LAWSUIT OR OTHER PROCEEDING, AND COMPANY, AT COMPANY'S SOLE COST AND EXPENSE, SHALL RESIST AND DEFEND THE SAME WITH REASONABLE PARTICIPATION BY THE CITY AND WITH LEGAL COUNSEL SELECTED BY COMPANY AND SPECIFICALLY APPROVED BY THE CITY. IN SUCH AN EVENT, COMPANY SHALL NOT ADMIT LIABILITY IN ANY MATTER ON BEHALF OF ANY INDEMNITEE WITHOUT THE ADVANCE WRITTEN CONSENT OF THE CITY.

11. INSURANCE.

Company shall procure and maintain at all times, in full force and effect, a policy or policies of insurance to provide coverages as specified herein, naming the City as an additional insured but only covering all public risks related to the use, occupancy, condition, maintenance, existence or location of the Public Rights-of-Way and the construction, installation, operation, maintenance or condition of its Facilities.

11.1. Primary Liability Insurance Coverage.

- **Commercial General Liability:**

  $1,000,000 per occurrence for Bodily Injury and Property Damage Liability except Worker's Compensation, including coverage for the following where exposure exists and as directed by the City's Risk Manager: (i) Premises

Liability; (ii) independent contractors; (iii) products/completed operations; (iv) personal injury; (v) contractual liability; (vi) explosion, collapse and underground property damage.

- **Property Damage Liability:**

  $1,000,000 per occurrence;

- **Automobile Liability:**

  $1,000,000 per accident,
  including, but not limited to, all owned, leased, hired or non-owned motor vehicles used in conjunction with the rights granted under this Franchise

- **Worker's Compensation:**

  As required by law; and, Employer's Liability as follows:
  $1,000,000 per accident.

11.2. Excess Liability Insurance Umbrella.

$25,000,000, including primary coverage, for each coverage listed in § 11.1.

11.3. Underwriters and Certificates.

Company shall procure and maintain its insurance with underwriters authorized to do business in the State of Texas and who are acceptable to the City in terms of solvency and financial strength. Within thirty (30) days following adoption of this Franchise by the City Council, Company shall furnish the City with certificates of insurance signed by the respective companies or agents thereof as proof that it has obtained the types and amounts of insurance coverage required herein. In addition, Company shall, on demand, provide the City with evidence that it has maintained such coverage in full force and effect.

11.4. Deductibles.

Deductible or self-insured retention limits on any line of coverage required herein shall not exceed $25,000 per occurrence.

11.5. No Limitation of Liability.

The insurance requirements set forth in this Section 11 and any recovery by the City of any sum by reason of any insurance policy required under this Franchise shall in no way be construed or effected to limit or in any way affect Company's liability to the City or other Persons as provided by this Franchise or law.

12. TRANSFERS, OWNERSHIP AND CONTROL.

12.1. Management of Company.

Company shall personally manage its Facilities and oversee the provision, distribution and transportation of Gas within the City. Company shall not, directly or indirectly, contract for, subcontract or assign, in whole or in part, the management of its Facilities or the provision, distribution or transportation of Gas within the City to any other Person unless the City provides advance written consent, which consent shall not be unreasonably withheld.

12.2. Transfers.

This Franchise shall not be sold, Transferred, assigned or otherwise encumbered without the prior written consent of the City, which consent shall not be unreasonably withheld. For purposes of this Franchise, in addition to the definition provided in Section 1, a **"Transfer"** shall specifically include (i) any change in limited partnership interests, non-managing limited liability company interests, or non voting stock representing thirty percent (30%) or more of the equity interests in the entity in question and (ii) any option, right of conversion or similar right to acquire interests constituting control without substantial additional consideration. If Company seeks to obtain the consent of the City for any kind of Transfer, sale, assignment or other encumbrance, Company shall submit an application for such consent in the form requested in writing by the City and shall submit or cause to be submitted to the City all such documents and information that the City may reasonably need for its consideration of the application.

13. DEFAULTS.

The occurrence at any time during the term of this Franchise of one or more of the following events shall constitute an **"Event of Default"** under this Franchise:

13.1. Failure to Pay Franchise Fees.

An Event of Default shall occur if Company fails to pay any Franchise Fee on or before the respective due date.

13.2. Breach.

An Event of Default shall occur if Company materially breaches or violates any of the terms, covenants, representations or warranties set forth in this Franchise or fails to perform any obligation required by this Franchise.

13.3. Bankruptcy, Insolvency or Receivership.

An Event of Default shall occur if Company (i) files a voluntary petition in

bankruptcy; (ii) is adjudicated insolvent; (iii) files any petition or fails to contest any petition filed against it seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any laws relating to bankruptcy, insolvency or other relief for debtors; (iv) seeks, consents to or acquiesces in the appointment of any trustee, receiver, master, custodian or liquidator of Company, any of Company's property, franchises, or any receipts, issues, earnings or profits thereof; (v) makes an assignment for the benefit of creditors; or (vi) fails to pay Company's debts generally as they become due.

13.4. Violations of the Law.

An Event of Default shall occur if Company violates any existing or future federal, state or local laws or any existing or future ordinances, rules and regulations of the City.

14. UNCURED DEFAULTS AND REMEDIES.

14.1. Notice of Default and Opportunity to Cure.

If an Event of Default occurs, the City shall provide Company with written notice and shall give Company the opportunity to cure such Event of Default. For an Event of Default which can be cured by the immediate payment of money to the City, Company shall have thirty (30) days from the date it receives written notice from the City to cure the Event of Default unless the amount owed by Company to the City is legitimately in dispute, in which case the second paragraph of this Section 14.1 shall control. For any other Event of Default, Company shall have sixty (60) days from the date it receives written notice from the City to cure the Event of Default. Except as otherwise provided by this Section 14.1, if any Event of Default is not cured within the time period specified herein, such Event of Default shall, without further notice from the City, become an **"Uncured Default"** and the City immediately may exercise the remedies provided in Section 14.2.

In the event that Company disputes an amount of money owed by Company to City, Company shall have an opportunity to be heard at a meeting of the City Council or by a Person designated by the City Council as a hearing officer prior to the actual assessment of the amount by the City Manager or his or her authorized representative. The City Council may adopt additional procedures, including the appointment of a City official or other Person to act as a hearing officer. The City Council's decision may be based upon the record of proceedings conducted by the hearing officer or a proposal for a decision submitted by the hearing officer.

14.2. Remedies for Uncured Defaults.

Upon the occurrence of an Uncured Default, the City shall be entitled to exercise, at the same time or at different times, any of the following remedies, all of which shall be cumulative of and without limitation to any other rights or remedies the City may have:

14.2.1. Termination of Franchise.

Upon the occurrence of an Uncured Default, the City may terminate this Franchise. Upon such termination, Company shall forfeit all rights granted to it under this Franchise, and, except as to Company's unperformed obligations and existing liabilities as of the date of termination, this Franchise shall automatically be deemed null and void and shall have no further force or effect. Company shall remain obligated to pay and the City shall retain the right to receive Franchise Fees and any other payments due up to the date of termination. In accordance with and as provided by Section 7.10, Company shall remove its Facilities from and restore the Public Rights-of-Way as and when requested by the City. The City's right to terminate this Franchise under this Section 14.2.1 does not and shall not be construed to constitute any kind of limitation on the City's right to terminate this Franchise for other reasons as provided by and in accordance with this Franchise; provided, however, that Company may not abandon its Facilities or discontinue its Gas services in the City without the approval of the Commission or successor agency or other regulatory authority with jurisdiction, if such action without such approval is prohibited at the time by applicable federal or state law or regulation.

14.2.2. Legal Action Against Company.

Upon the occurrence of an Uncured Default, the City may commence against Company an action at law for monetary damages or in equity for injunctive relief or specific performance of any of the provisions of this Franchise which, as a matter of equity, are specifically enforceable.

15. PROVISION OF INFORMATION.

15.1. Filings with the Commission.

Company shall provide copies to the City of all documents which Company files with or sends to the Commission concerning or related to its provision of Gas to Customers or other operations in the City, including, but not limited to, filings related to (i) tariffs; (ii) rules, regulations and policies requested, under consideration or approved by the Commission; and (iii) applications and any supporting pre-filed testimony and exhibits filed by Company or third parties on behalf of Company, on the same date as such filings are made with the Commission. In addition, Company shall provide the City with copies of records, documents and other filings related to its provision of Gas to Customers or other operations in the City that Company is required to maintain or supply to the Commission under the Texas Utilities Code and any other applicable state or federal law, rule or regulation. Confidential information of Company shall be provided to the City consistent with the Commission's rules governing disclosure of such information to a regulatory authority.

15.2. Lawsuits.

Company shall provide the City with copies of all pleadings in all lawsuits to which Company is a party and that pertain to the granting of this Franchise and/or the provision, distribution or transportation of Gas to Customers or other operations in the City within thirty (30) days of Company's receipt of same.

16. COMPANY AS INDEPENDENT CONTRACTOR.

It is expressly understood and agreed that Company shall operate as an independent contractor as to all rights and privileges granted by this Franchise, and not as an agent, representative or employee of the City. Company shall have the exclusive right to control the details of its business and other operations necessary or appurtenant to the provision, distribution or transportation of Gas in accordance with the terms and conditions of this Franchise, and shall be solely responsible for the acts and omissions of its officers, agents, servants, employees, contractors and subcontractors. Company acknowledges that the doctrine of *respondeat superior* shall not apply as between the City and Company, its officers, agents, employees, contractors and subcontractors. Company further agrees that nothing herein shall be construed as the creation of a partnership or joint enterprise between the City and Company.

17. NOTICES.

Notices required pursuant to the provisions of this Franchise shall be conclusively determined to have been delivered when (i) hand-delivered to the other party, its agents, employees, servants or representatives, or (ii) received by the other party by United States Mail, postage

prepaid, return receipt requested, addressed as follows:

To THE CITY:

City of Fort Worth
Property Management Department
900 Monroe Street, Suite 400
Fort Worth, TX 76102

Attn: Utilities Administration

To COMPANY:

SiENERGY, LP.
3 Lakeway Centre Court, Suite 110
Lakeway, Texas 78734
Attn: June M. Dively, Chief Executive Officer

with a copy to:

City of Fort Worth
Department of Law
Attn: Attorney for Utilities
200 Texas Street
Fort Worth, TX 76102

18. NON-DISCRIMINATION COVENANT.

Company shall not discriminate against any Person on the basis of race, color, national origin, religion, handicap, sex, sexual orientation or familial status in the provision, distribution or transportation of Gas, in the receipt of benefits from Company's business operations in the City, in any opportunities for employment with Company that Company may offer or in the construction or installation of Company's Facilities.

19. NO WAIVER.

The failure of the City to insist upon the performance of any term or provision of this Franchise or to exercise any rights that the City may have, either under this Franchise or the law, shall not constitute a waiver of the City's right to insist upon appropriate performance or to assert any such right on any future occasion.

20. GOVERNING LAW AND VENUE.

This Franchise shall be construed pursuant to and in accordance with the laws of the United States of America and the State of Texas. If any action, whether real or asserted, at law or in equity, arise out of the terms of this Franchise, Company's provision, distribution or transportation of Gas or Company's use of the Public Rights-of-Way, venue for such action shall lie exclusively in state courts located in Tarrant County, Texas or the United States District Court for the Northern District of Texas, Fort Worth Division.

21. CONFERENCES.

At the request of either the City or Company, the City and Company shall meet at reasonable times and upon reasonable notice to discuss any aspect of this Franchise, Company's Facilities, Company's operations in the City, Company's provision, distribution and transportation of Gas or Company's use of Public Rights-of-Way.

22. SEVERABILITY.

If any provision of this Franchise is held to be invalid, illegal or unenforceable by a final order entered by a court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired. For purposes of this Franchise, a court order shall be final only to the extent that all available legal rights and remedies pertaining to such order, including, without limitation all available appeals, have been exhausted. In such an event, the City and Company agree that they shall amend or have amended this Franchise to comply with such final order entered by a court of competent jurisdiction.

23. FORCE MAJEURE.

In the event Company's performance of any of the terms, conditions or obligations required by this Franchise is prevented by a cause or event that is not within Company's reasonable control, Company's non-performance shall be deemed excused for the period of such inability. Causes or events that are not within the Company's control shall include, but not be limited to, acts of God, weather, action or inaction of regulatory bodies, strikes, sabotage, riots or civil disturbances, failure or loss of utilities, explosions and natural disasters.

24. HEADINGS NOT CONTROLLING.

Headings and titles, other than those captions in Section 1, that are used in this Franchise are for reference purposes only and shall not be deemed a part of this Franchise.

25. ENTIRETY OF AGREEMENT.

This Franchise, including the schedule of exhibits attached hereto and any documents incorporated herein by reference, contains the entire understanding and agreement between the City and Company as to the matters contained herein. Any prior or contemporaneous oral or written agreement is hereby declared null and void to the extent in conflict with the terms and conditions of this Agreement. This Franchise shall not be amended unless agreed to in writing by both parties and approved by the City Council of the City.

26. GUARANTEE OF PERFORMANCE.

Company hereby acknowledges that it carefully has read the terms and conditions of this Franchise and accepts and agrees to perform the duties and obligations set forth in this Franchise. .

SIENERGY, L.P.,
A Texas limited partnership

By:_____
Name:
Title: