

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTER ENDED MARCH 31, 1998

COMMISSION FILE NO. 1-10403

TEPPCO PARTNERS, L.P.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OF INCORPORATION
OR ORGANIZATION)

76-0291058
(I.R.S. EMPLOYER
IDENTIFICATION NUMBER)

COMMISSION FILE NO. 1-13603

TE PRODUCTS PIPELINE COMPANY, LIMITED PARTNERSHIP
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OF INCORPORATION
OR ORGANIZATION)

76-0329620
(I.R.S. EMPLOYER
IDENTIFICATION NUMBER)

2929 ALLEN PARKWAY
P.O. BOX 2521
HOUSTON, TEXAS 77252-2521
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)

(713) 759-3636
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Indicate by check mark whether each registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

PRELIMINARY NOTE

TEPPCO Partners, L.P. (the "Parent Partnership") is a holding company that owns all of its assets and conducts all of its business through TE Products Pipeline Company, Limited Partnership (the "Operating Partnership"), and TEPPCO Colorado, LLC ("TEPPCO Colorado"), which is a wholly-owned subsidiary of the Operating Partnership. The Operating Partnership is owned 99% by the Parent Partnership and 1% by Texas Eastern Products Pipeline Company, which serves as general partner of the Parent Partnership and the Operating Partnership. No separate financial information for the Operating Partnership has been provided or incorporated by reference in this report because: (i) the Parent Partnership does not itself conduct any operations but rather all operations of the Parent Partnership and its subsidiaries are conducted by the Operating Partnership and its subsidiary; (ii) the Parent Partnership has no material assets other than its ownership interest in the Operating Partnership; and (iii) all of the assets and liabilities shown in the consolidated financial statements for the Parent Partnership are located at the Operating Partnership and TEPPCO Colorado. Collectively, the Parent Partnership, the Operating Partnership and TEPPCO Colorado are referred to as "the Partnership."

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TEPPCO PARTNERS, L.P.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	MARCH 31, 1998	DECEMBER 31, 1997
	-----	-----
	(UNAUDITED)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 26,796	\$ 43,961
Short-term investments	2,105	2,105
Accounts receivable, trade	13,263	19,826
Inventories	22,174	21,094
Other	3,923	4,173
	-----	-----
Total current assets	68,261	91,159
	-----	-----
Property, plant and equipment, at cost (Net of accumulated depreciation and amortization of \$176,058 and \$170,063)	568,425	567,681
Investments	10,010	10,010
Intangible assets	38,000	--
Other assets	5,695	5,059
	-----	-----
Total assets	\$ 690,391	\$ 673,909
	=====	=====
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Current maturities, First Mortgage Notes	\$ --	\$ 17,000
Accounts payable and accrued liabilities	7,829	9,615
Accounts payable, general partner	3,323	3,735
Accrued interest	4,792	10,539
Other accrued taxes	5,325	6,246
Other	4,519	6,740
	-----	-----
Total current liabilities	25,788	53,875
	-----	-----
First Mortgage Notes.....	--	309,512
Senior Notes	389,699	--
Other long-term debt	38,000	--
Other liabilities and deferred credits	4,905	4,462
Minority interest	2,345	3,093
Partners' capital:		
General partner's interest	(771)	5,760
Limited partners' interests	230,425	297,207
	-----	-----
Total partners' capital	229,654	302,967
	-----	-----
Total liabilities and partners' capital	\$ 690,391	\$ 673,909
	=====	=====

See accompanying Notes to Consolidated Financial Statements.

TEPPCO PARTNERS, L.P.
 CONSOLIDATED STATEMENTS OF INCOME
 (UNAUDITED)
 (IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

	THREE MONTHS ENDED MARCH 31, 1998	THREE MONTHS ENDED MARCH 31, 1997
	-----	-----
Operating revenues:		
Transportation - Refined products	\$ 22,462	\$ 21,704
Transportation - LPGs	21,815	23,939
Mont Belvieu operations	2,670	2,763
Other - net	3,258	7,019
	-----	-----
Total operating revenues	50,205	55,425
	-----	-----
Costs and expenses:		
Operating, general and administrative	15,844	15,450
Operating fuel and power	6,190	6,788
Depreciation and amortization	6,080	5,768
Taxes - other than income taxes	2,577	2,474
	-----	-----
Total costs and expenses	30,691	30,480
	-----	-----
Operating income	19,514	24,945
Interest expense	(7,156)	(8,604)
Interest costs capitalized	284	655
Other income - net	647	981
	-----	-----
Income before minority interest and extraordinary loss on debt extinguishment	13,289	17,977
Minority interest	(134)	(182)
	-----	-----
Income before extraordinary loss on debt extinguishment	13,155	17,795
Extraordinary loss on debt extinguishment, net of minority interest	(72,767)	--
	-----	-----
Net income (loss)	\$(59,612)	\$ 17,795
	=====	=====
Basic and diluted income (loss) per Limited Partner Unit:		
Income before extraordinary loss on debt extinguishment	\$ 0.81	\$ 1.14
Extraordinary loss on debt extinguishment	(4.56)	--
	-----	-----
Net income (loss)	\$ (3.75)	\$ 1.14
	=====	=====

See accompanying Notes to Consolidated Financial Statements.

TEPPCO PARTNERS, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31, 1998	THREE MONTHS ENDED MARCH 31, 1997
	-----	-----
Cash flows from operating activities:		
Net income (loss)	\$ (59,612)	\$ 17,795
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	6,080	5,768
Extraordinary loss on early extinguishment of debt, net of minority interest	72,767	--
Decrease in accounts receivable, trade	6,563	2,266
Decrease (increase) in inventories	(1,080)	1,303
Decrease (increase) in other current assets	250	(1,197)
Decrease in accounts payable and accrued expenses	(11,087)	(13,124)
Other	165	(155)
	-----	-----
Net cash provided by operating activities	14,046	12,656
	-----	-----
Cash flows from investing activities:		
Proceeds from investments	--	7,970
Insurance proceeds related to damaged asset	--	1,046
Purchase of fractionators and related intangible assets, net of noncash portion	(2,000)	--
Capital expenditures	(4,949)	(8,139)
	-----	-----
Net cash provided by (used in) investing activities	(6,949)	877
	-----	-----
Cash flows from financing activities:		
Principal payment, First Mortgage Notes	(326,512)	(13,000)
Prepayment premium, First Mortgage Notes	(70,093)	--
Issuance of Senior Notes	389,694	--
Debt issuance costs, Senior Notes	(3,641)	--
Distributions	(13,710)	(11,777)
	-----	-----
Net cash used in financing activities	(24,262)	(24,777)
	-----	-----
Net decrease in cash and cash equivalents	(17,165)	(11,244)
Cash and cash equivalents at beginning of period	43,961	34,047
	-----	-----
Cash and cash equivalents at end of period	\$ 26,796	\$ 22,803
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS:		
Interest paid during the period (net of capitalized interest) ..	\$ 12,525	\$ 16,438
	=====	=====

See accompanying Notes to Consolidated Financial Statements.

TEPPCO PARTNERS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

TEPPCO Partners, L.P. is a Delaware limited partnership which operates through TE Products Pipeline Company, Limited Partnership, a Delaware limited partnership (the "Operating Partnership"), in which TEPPCO Partners, L.P. holds a 99% interest as the sole limited partner. TEPPCO Colorado, LLC, a Delaware limited liability company, is a wholly-owned subsidiary of the Operating Partnership. Texas Eastern Products Pipeline Company (the "Company"), an indirect wholly-owned subsidiary of Duke Energy Corporation ("Duke Energy"), owns a 1% general partner interest in both TEPPCO Partners, L.P. and the Operating Partnership, and has agreed not to voluntarily withdraw as the general partner subject to certain limited exceptions, prior to January 1, 2000. The Company's 1% general partner interest in the Operating Partnership, is accounted for as a minority interest.

The accompanying unaudited consolidated financial statements reflect all adjustments, which are, in the opinion of management, of a normal and recurring nature and necessary for a fair statement of the financial position of the Partnership as of March 31, 1998, and the results of operations and cash flows for the periods presented. The results of operations for the three months ended March 31, 1998, are not necessarily indicative of results of operations for the full year 1998. The interim financial statements should be read in conjunction with the Partnership's consolidated financial statements and notes thereto presented in the TEPPCO Partners, L.P. Annual Report on Form 10-K for the year ended December 31, 1997. Certain amounts from the prior year have been reclassified to conform to current presentation.

Basic net income per Limited Partner Unit is computed by dividing net income, after deduction of the general partner's interest, by the weighted average number of Limited Partner Units outstanding (a total of 14,500,000 Units as of March 31, 1998). The general partner's percentage interest in net income is based on its percentage of cash distributions from Available Cash for each period (see Note 7. Cash Distributions). The general partner was allocated \$5.3 million (8.87%) of the net loss for the three months ended March 31, 1998, and \$1.2 million (6.72%) of the net income for the three months ended March 31, 1997.

Diluted net income per Limited Partner Unit is similar to the computation of basic net income per Limited Partner Unit above, except that the denominator was increased to include the dilutive effect of outstanding Unit options by application of the treasury stock method. For the quarters ended March 31, 1998 and 1997, the denominator was increased by 23,169 Units and 16,159 Units, respectively.

NOTE 2. ACCOUNTING POLICY CHANGE

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income." This statement establishes standards for reporting and display of comprehensive income and its components in a full set of financial statements. The Partnership adopted SFAS No. 130 during the first quarter of 1998 without impact on its financial condition or results of operations.

In June 1997, the FASB also issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." This statement establishes standards for reporting information about operating segments in annual financial statements and requires that enterprises report selected information about operating segments in interim reports. The Partnership will adopt this standard in 1998. As SFAS No. 131 establishes standards for reporting and display, the Partnership does not expect the adoption of this statement to have a material impact on its financial condition or results of operations.

TEPPCO PARTNERS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(UNAUDITED)

NOTE 3. RELATED PARTY TRANSACTIONS

As of March 31, 1998, TEPPCO Colorado purchased two fractionation facilities located in Weld County, Colorado, from Duke Energy Field Services, Inc. ("DEFS"), a wholly-owned subsidiary of Duke Energy. TEPPCO Colorado and DEFS entered into a twenty year Fractionation Agreement, whereby TEPPCO Colorado will receive a variable fee for all fractionated volumes delivered to DEFS. The purchase price of these transactions was \$40 million. Intangible assets include \$38 million of value assigned to the Fractionation Agreement, which will be amortized on a straight-line method over the term of the Fractionation Agreement. The remaining purchase price of \$2.0 million was allocated to the fractionator facilities purchased. TEPPCO Colorado and DEFS also entered into a Operations and Management Agreement, whereby DEFS will operate and maintain the fractionation facilities. TEPPCO Colorado will pay DEFS a set volumetric rate for all fractionated volumes delivered to DEFS. As the transactions occurred as of March 31, 1998, no effect of these transactions was included in the Partnership's consolidated statements of income for the quarter ended March 31, 1998.

NOTE 4. INVESTMENTS

SHORT-TERM INVESTMENTS

The Partnership routinely invests cash in liquid short-term investments as part of its cash management program. Investments with maturities at date of purchase of 90 days or less are considered cash equivalents. At March 31, 1998, short-term investments included \$2.1 million of investment-grade corporate notes, which mature within one year. All short-term investments are classified as held-to-maturity securities and are stated at amortized cost. The aggregate fair value of such securities approximates amortized cost at March 31, 1998.

LONG-TERM INVESTMENTS

At March 31, 1998, the Partnership had \$10.0 million invested in investment-grade corporate notes, which have varying maturities from 1999 through 2002. These securities are classified as held-to-maturity securities and are stated at amortized cost. The aggregate fair value of such securities approximates amortized cost at March 31, 1998.

NOTE 5. INVENTORIES

Inventories are carried at the lower of cost (based on weighted average cost method) or market. The major components of inventories were as follows (in thousands):

	MARCH 31, 1998	DECEMBER 31, 1997
	-----	-----
Gasolines	\$ 6,103	\$ 3,779
Propane	5,650	6,872
Butanes	3,602	3,152
Fuel oils	565	82
Other products	2,740	3,099
Materials and supplies	3,514	4,110
	-----	-----
Total	\$ 22,174	\$ 21,094
	=====	=====

The costs of inventories were lower than market at March 31, 1998, and December 31, 1997.

TEPPCO PARTNERS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(UNAUDITED)

NOTE 6. LONG TERM DEBT

SENIOR NOTES

On January 27, 1998, the Operating Partnership completed the issuance of \$180 million principal amount of 6.45% Senior Notes due 2008, and \$210 million principal amount of 7.51% Senior Notes due 2028 (collectively the "Senior Notes"). The 6.45% Senior Notes due 2008 are not subject to redemption prior to January 15, 2008. The 7.51% Senior Notes due 2028 may be redeemed at any time after January 15, 2008, at the option of the Operating Partnership, in whole or in part, at a premium. Net proceeds from the issuance of the Senior Notes totaled approximately \$386 million and was used to repay in full the \$61.0 million principal amount of the 9.60% Series A First Mortgage Notes, due 2000, and the \$265.5 million principal amount 10.20% Series B First Mortgage Notes, due 2010. The premium for the early redemption of the First Mortgage Notes totaled \$70.1 million. The Partnership recorded an extraordinary charge of \$73.5 million during the first quarter of 1998 (including \$0.7 million allocated to minority interest), which represents the redemption premium of \$70.1 million and unamortized debt issue costs related to the First Mortgage Notes of \$3.4 million.

The Senior Notes do not have sinking fund requirements. Interest on the Senior Notes is payable semiannually in arrears on January 15 and July 15 of each year, commencing July 15, 1998. The Senior Notes are unsecured obligations of the Operating Partnership and will rank on a parity with all other unsecured and unsubordinated indebtedness of the Operating Partnership. The indenture governing the Senior Notes contains covenants, including, but not limited to, covenants limiting (i) the creation of liens securing indebtedness and (ii) sale and leaseback transactions. However, the indenture does not limit the Partnership's ability to incur additional indebtedness.

OTHER LONG TERM DEBT

In connection with the purchase of the fractionation assets from DEFS as of March 31, 1998, TEPPCO Colorado received a \$38 million bank loan from SunTrust Bank. Proceeds from the loan were received on April 21, 1998, and therefore were not included on the consolidated statement of cash flows as of March 31, 1998. The loan bears interest at a rate of 6.53%, which is payable quarterly beginning in July 1998. The principal balance of the loan is payable in full on April 21, 2001. The Operating Partnership is guarantor on the loan. TEPPCO Colorado will pay interest to DEFS at a per annum rate of 5.75% on the amount of the total purchase price outstanding for the period from March 31, 1998 until April 21, 1998.

NOTE 7. CASH DISTRIBUTIONS

The Partnership makes quarterly cash distributions of all of its Available Cash, generally defined as consolidated cash receipts less consolidated cash disbursements and cash reserves established by the general partner in its sole discretion.

On February 6, 1998, the Partnership paid a cash distribution of \$0.85 per Unit for the fourth quarter of 1997. Additionally, on April 17, 1998, the Partnership declared a cash distribution of \$0.85 per Unit for the quarter ended March 31, 1998. The distribution was paid on May 8, 1998, to Unitholders of record on April 30, 1998.

The Company receives incremental incentive distributions of 15%, 25% and 50% of the amount by which quarterly distributions of Available Cash exceed \$0.55, \$0.65 and \$0.90 per Unit, respectively. During the three months ended March 31, 1998 and 1997, incentive distributions paid to the Company totaled \$1.1 million and \$0.7 million, respectively.

TEPPCO PARTNERS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(UNAUDITED)

NOTE 8. COMMITMENTS AND CONTINGENCIES

The Partnership is involved in various claims and legal proceedings incidental to its business. In the opinion of management, these claims and legal proceedings will not have a material adverse effect on the Partnership's consolidated financial position or results of operations.

The operations of the Partnership are subject to federal, state and local laws and regulations relating to protection of the environment. Although the Partnership believes the operations of the pipeline system are in material compliance with applicable environmental regulations, risks of significant costs and liabilities are inherent in pipeline operations, and there can be no assurance that significant costs and liabilities will not be incurred. Moreover, it is possible that other developments, such as increasingly strict environmental laws and regulations and enforcement policies thereunder, and claims for damages to property or persons resulting from the operations of the pipeline system, could result in substantial costs and liabilities to the Partnership. The Partnership does not anticipate that changes in environmental laws and regulations will have a material adverse effect on its financial position, operations or cash flows in the near term.

The Partnership and the Indiana Department of Environmental Management ("IDEM") have entered into an Agreed Order that will ultimately result in a remediation program for any on-site and off-site groundwater contamination attributable to the Partnership's operations at the Seymour, Indiana, terminal. The Partnership is currently negotiating with IDEM the clean-up levels to be attained at the Seymour terminal. The Partnership estimates that the costs of the remediation program to be proposed by the Partnership for the Seymour terminal will not exceed the amount accrued therefore (approximately \$1.7 million at March 31, 1998). In the opinion of the Company, the completion of the remediation program to be proposed by the Partnership, if such program is approved by IDEM, will not have a material adverse impact on the Partnership's financial condition, results of operations or liquidity.

In 1997, the Company initiated a program to prepare the Partnership's process controls and business computer systems for the "Year 2000 issue." Process controls are the automated equipment including hardware and software systems which run operational activities. Business computer systems are the computer hardware and software used by the Partnership. The Partnership expects to incur internal staff costs as well as consulting and other expenses related to testing and conversion of these assets. The Company continues to evaluate appropriate courses of corrective action, including replacement of certain systems whose associated costs would be recorded as assets and amortized. The Company estimates that the amounts required to be expensed during 1998 and 1999 will range between approximately \$4.0 million and \$6.0 million. Testing and conversion is expected to be completed by mid-year 1999. The Partnership has initiated formal communications with all of its significant suppliers and large customers to determine the extent to which the Partnership is vulnerable to those third parties' failure to remediate their own Year 2000 issue. However, there can be no guarantee that the systems of other companies, on which the Partnership's systems rely, will be timely converted by another company, or a conversion that is incompatible with the Partnership's systems, would not have a material adverse effect on the Partnership.

Substantially all of the petroleum products transported and stored by the Partnership are owned by the Partnership's customers. At March 31, 1998, the Partnership had approximately 12.2 million barrels of products in its custody owned by customers. The Partnership is obligated for the transportation, storage and delivery of such products on behalf of its customers. The Partnership maintains insurance adequate to cover product losses through circumstances beyond its control.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The Partnership's operations consist primarily of the transportation, storage and terminaling of petroleum products. Operations are somewhat seasonal with higher revenues generally realized during the first and fourth quarters of each year. Refined products volumes are generally higher during the second and third quarters because of greater demand for gasolines during the spring and summer driving seasons. LPGs volumes are generally higher from November through March due to higher demand in the Northeast for propane, a major fuel for residential heating.

The Partnership's revenues are derived primarily from the transportation of refined products and LPGs, the storage and short-haul shuttle transportation of LPGs at the Mont Belvieu, Texas, complex, sale of product inventory and other ancillary services. Labor and electric power costs comprise the two largest operating expense items of the Partnership. Effective March 31, 1998, the Partnership's operations included the fractionation of natural gas liquids (see Note 3 in Item 1. Related Party Transactions).

The following information is provided to facilitate increased understanding of the 1998 and 1997 interim consolidated financial statements and accompanying notes presented in Item 1. Material period-to-period variances in the consolidated statements of income are discussed under "Results of Operations." The "Financial Condition and Liquidity" section analyzes cash flows and financial position. Discussion included in "Other Matters" addresses key trends, future plans and contingencies. Throughout these discussions, management addresses items that are reasonably likely to materially affect future liquidity or earnings.

RESULTS OF OPERATIONS

For the quarter ended March 31, 1998, the Partnership reported a net loss of \$59.6 million. The net loss included an extraordinary loss for early extinguishment of debt of \$72.8 million, net of \$0.7 million allocated to minority interest. Excluding the extraordinary loss, net income would have been \$13.2 million for the first quarter of 1998, compared with net income of \$17.8 million for the first quarter of 1997. The \$4.6 million decrease in income before loss on debt extinguishment resulted primarily from a \$5.2 million decrease in operating revenues, a \$0.2 million increase in costs and expenses, a \$0.4 million decrease in interest capitalized and a \$0.3 million decrease in other income - net. These variances were partially offset by a \$1.4 million decrease in interest expense. See discussion below of factors affecting net income for the comparative periods.

See volume and average tariff information below:

	QUARTER ENDED MARCH 31,		PERCENTAGE INCREASE (DECREASE)
	1998	1997	
VOLUMES DELIVERED (in thousands of barrels)			
Refined products	24,511	25,205	(3%)
LPGs	10,151	12,064	(16%)
Mont Belvieu operations	5,944	6,188	(4%)
Total	40,606	43,457	(7%)
AVERAGE TARIFF PER BARREL			
Refined products	\$ 0.92	\$ 0.86	7%
LPGs	2.15	1.98	9%
Mont Belvieu operations	0.16	0.16	--
Average system tariff per barrel	\$ 1.11	\$ 1.07	4%

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS - (CONTINUED)

Refined products transportation revenues increased \$0.8 million for the quarter ended March 31, 1998, compared with the prior-year quarter, as a result of a 7% increase in the refined products average tariff per barrel, partially offset by a 3% decrease in volumes delivered. The increase in the refined products average tariff per barrel resulted primarily from new tariff structures for volumes transported on the expanded portion between Shreveport, Louisiana, and El Dorado, Arkansas, which was placed in service on March 31, 1997, higher tariff rates on barrels originating from the pipeline connection with Colonial Pipeline Company's ("Colonial") pipeline at Beaumont, Texas and tariff rate increases on selective refined products tariffs, averaging 1.7%, effective July 1, 1997. The 3% decrease in volumes delivered resulted primarily from unfavorable Midwest price differentials for motor fuel, distillate and natural gasoline. Additionally, short-haul barge deliveries of methyl tertiary butyl ether ("MTBE") at the Partnership's marine terminal near Beaumont, Texas, decreased from the prior year. These decreases were partially offset by increased deliveries of motor fuel and distillate as a result of increased marketing at a third party delivery facility at West Memphis, Arkansas.

LPGs transportation revenues decreased \$2.1 million for the quarter ended March 31, 1998, compared with the first quarter of 1997, due to a 16% decrease in volumes delivered, partially offset by a 9% increase in the LPGs average system tariff per barrel. Propane deliveries in the Midwest and Northeast market areas decreased 1.3 million barrels, or 15%, which corresponds closely to the 14% decrease in degree days in these market areas during the first quarter. Short-haul propane deliveries decreased 1.3 million barrels, or 70%, as a result of operational constraints at a petrochemical facility on the upper Texas Gulf Coast served by the Partnership. Butane deliveries increased 0.7 million barrels, or 45%, due to favorable Midwest price differentials and the resumption of operations during the second quarter of 1997 at a Northeast area refinery served by the Partnership. The 9% increase in the LPGs average tariff per barrel resulted from the increase in the long-haul butane deliveries and the decrease in the short-haul propane deliveries.

Other operating revenues decreased \$3.8 million during the quarter ended March 31, 1998, as compared to the same period in 1997, due primarily to decreased product inventory volumes sold, unfavorable product location exchange differentials incurred to position system inventory, and lower refined products terminaling revenues.

Costs and expenses increased \$0.2 million for the quarter ended March 31, 1998, compared with the first quarter of 1997, due primarily to a \$0.4 million increase in operating, general and administrative expenses and a \$0.3 million increase in depreciation and amortization expense, partially offset by a \$0.6 million volume-related decrease in operating fuel and power expense. The increase in other operating, general and administrative expenses was primarily attributable to increased expense related to the capacity lease with Colonial, which commenced in May 1997. Depreciation and amortization expense increased as a result of the completion of capital projects subsequent to the first quarter of 1997.

Interest expense decreased \$1.4 million during the first quarter of 1998, compared with the first quarter of 1997, due to the \$13.0 million principal payment on the First Mortgage Notes in March 1997, and the payment on January 27, 1998 of the remaining \$326.5 million principal balance of the First Mortgage Notes, partially offset by interest expense on the Senior Notes from January 27, 1998 to March 31, 1998. Capitalized interest decreased \$0.4 million from the prior year first quarter as a result of lower construction balances related to capital projects.

FINANCIAL CONDITION AND LIQUIDITY

Net cash from operations for the quarter ended March 31, 1998, totaled \$14.0 million, comprised of \$19.2 million of income before extraordinary loss on early extinguishment of debt and charges for depreciation and amortization, partially offset by \$5.2 million used for working capital changes. This compares with cash flows from operations of \$12.7 million for the first quarter of 1997, which was comprised of \$23.6 million of income before charges for depreciation and amortization, partially offset by \$10.9 million from working capital changes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION AND LIQUIDITY - (CONTINUED)

The decrease in cash used for working capital changes during the first quarter of 1998, as compared with the first quarter of 1997, resulted primarily from lower interest payments during 1998 and increased collection of accounts receivable balances. Net cash from operations for the quarter ended March 31, 1998 included interest payments related to the First Mortgage Notes of \$12.8 million paid on January 27, 1998 in connection with repayment of the outstanding balance of the First Mortgage Notes. Net cash from operations for the quarter ended March 31, 1997 included interest payments related to the First Mortgage Notes of \$17.1 million paid in March 1997.

Cash flows used in investing activities during the first quarter of 1998 included \$4.9 million of capital expenditures and \$2.0 million as the initial cash payment of the purchase price of the fractionation assets and related intangible assets. Cash flows provided by investing activities during the first quarter of 1997 resulted from \$8.0 million of matured investments and \$1.0 million of insurance proceeds related to the replacement value of a 20-inch diameter auxiliary pipeline at the Red River in central Louisiana, which was damaged in 1994 and subsequently removed from service, partially offset by \$8.1 million of capital expenditures. Capital expenditures are expected to total approximately \$23 million for the full year of 1998. The Partnership revises capital spending periodically in response to changes in cash flows and operations. Interest income earned on all investments is included in cash from operations.

On January 27, 1998, the Operating Partnership completed the issuance of \$180 million principal amount of 6.45% Senior Notes due 2008, and \$210 million principal amount of 7.51% Senior Notes due 2028 (collectively the "Senior Notes"). The 6.45% Senior Notes due 2008 are not subject to redemption prior to January 15, 2008. The 7.51% Senior Notes due 2028 may be redeemed at any time after January 15, 2008, at the option of the Operating Partnership, in whole or in part, at a premium. Net proceeds from the issuance of the Senior Notes totaled approximately \$386 million and was used to repay in full the \$61.0 million principal amount of the 9.60% Series A First Mortgage Notes, due 2000, and the \$265.5 million principal amount of the 10.20% Series B First Mortgage Notes, due 2010. The premium for the early redemption of the First Mortgage Notes totaled \$70.1 million. The repayment of the First Mortgage Notes and the issuance of the Senior Notes reduced the level of cash required for debt service until 2008. The Partnership recorded an extraordinary charge of \$73.5 million during the first quarter of 1998 (including \$0.7 million allocated to minority interest), which represents the redemption premium of \$70.1 million and unamortized debt issue costs related to the First Mortgage Notes of \$3.4 million.

The Senior Notes do not have sinking fund requirements. Interest on the Senior Notes is payable semiannually in arrears on January 15 and July 15 of each year, commencing July 15, 1998. The Senior Notes are unsecured obligations of the Operating Partnership and will rank on a parity with all other unsecured and unsubordinated indebtedness of the Operating Partnership. The indenture governing the Senior Notes contains covenants, including, but not limited to, covenants limiting (i) the creation of liens securing indebtedness and (ii) sale and leaseback transactions. However, the indenture does not limit the Partnership's ability to incur additional indebtedness.

In connection with the purchase of the fractionation assets from DEFS as of March 31, 1998, TEPPCO Colorado received a \$38 million bank loan from SunTrust Bank. Proceeds from the loan were received on April 21, 1998, and therefore were not included on the consolidated statement of cash flows as of March 31, 1998. The loan bears interest at a rate of 6.53%, which is payable quarterly beginning in July 1998. The principal balance of the loan is payable in full on April 21, 2001. The Operating Partnership is guarantor on the loan. TEPPCO Colorado will pay interest to DEFS at a per annum rate of 5.75% on the amount of the total purchase price outstanding for the period from March 31, 1998 until April 21, 1998.

The Partnership paid the fourth quarter 1997 cash distribution of \$13.7 million (\$0.85 per Limited Partner Unit) on February 6, 1998. Additionally, on April 17, 1998, the Partnership declared a cash distribution of \$0.85

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION AND LIQUIDITY - (CONTINUED)

per Limited Partner Unit for the three months ended March 31, 1998. The distribution was paid on May 8, 1998 to Unitholders of record on April 30, 1998.

OTHER MATTERS

The operations of the Partnership are subject to federal, state and local laws and regulations relating to protection of the environment. Although the Partnership believes the operations of the Pipeline System are in material compliance with applicable environmental regulations, risks of significant costs and liabilities are inherent in pipeline operations, and there can be no assurance that significant costs and liabilities will not be incurred. Moreover, it is possible that other developments, such as increasingly strict environmental laws and regulations and enforcement policies thereunder, and claims for damages to property or persons resulting from the operations of the Pipeline System, could result in substantial costs and liabilities to the Partnership. The Partnership does not anticipate that changes in environmental laws and regulations will have a material adverse effect on its financial position, operations or cash flows in the near term.

The Partnership and the Indiana Department of Environmental Management ("IDEM") have entered into an Agreed Order that will ultimately result in a remediation program for any on-site and off-site groundwater contamination attributable to the Partnership's operations at the Seymour, Indiana, terminal. The Partnership is currently negotiating with IDEM the clean-up levels to be attained at the Seymour terminal. The Partnership estimates that the costs of the remediation program to be proposed by the Partnership for the Seymour terminal will not exceed the amount accrued therefore (approximately \$1.7 million at March 31, 1998). In the opinion of the Company, the completion of the remediation program to be proposed by the Partnership, if such program is approved by IDEM, will not have a material adverse impact on the Partnership's financial condition, results of operations or liquidity.

In 1997, the Company initiated a program to prepare the Partnership's process controls and business computer systems for the "Year 2000 issue." Process controls are the automated equipment including hardware and software systems which run operational activities. Business computer systems are the computer hardware and software used by the Partnership. The Partnership expects to incur internal staff costs as well as consulting and other expenses related to testing and conversion of these assets. The Company continues to evaluate appropriate courses of corrective action, including replacement of certain systems whose associated costs would be recorded as assets and amortized. The Company estimates that the amounts required to be expensed during 1998 and 1999 will range between approximately \$4.0 million and \$6.0 million. Testing and conversion is expected to be completed by mid-year 1999. The Partnership has initiated formal communications with all of its significant suppliers and large customers to determine the extent to which the Partnership is vulnerable to those third parties' failure to remediate their own Year 2000 issue. However, there can be no guarantee that the systems of other companies, on which the Partnership's systems rely, will be timely converted by another company, or a conversion that is incompatible with the Partnership's systems, would not have a material adverse effect on the Partnership.

The matters discussed herein include "forward-looking statements" within the meaning of various provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included in this document that address activities, events or developments that the Partnership expects or anticipates will or may occur in the future, including such things as estimated future capital expenditures (including the amount and nature thereof), business strategy and measures to implement strategy, competitive strengths, goals, expansion and growth of the Partnership's business and operations, plans, references to future success, references to intentions as to future matters and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Partnership in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate under the circumstances. However, whether actual results and developments will

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OTHER MATTERS - (CONTINUED)

conform with the Partnership's expectations and predictions is subject to a number of risks and uncertainties, including general economic, market or business conditions, the opportunities (or lack thereof) that may be presented to and pursued by the Partnership, competitive actions by other pipeline companies, changes in laws or regulations, and other factors, many of which are beyond the control of the Partnership. Consequently, all of the forward-looking statements made in this document are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Partnership will be realized or, even if substantially realized, that they will have the expected consequences to or effect on the Partnership or its business or operations. For additional discussion of such risks and uncertainties, see TEPPCO Partners, L.P.'s 1997 Annual Report on Form 10-K.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

Exhibit Number	Description
3.1	Certificate of Limited Partnership of the Partnership (Filed as Exhibit 3.2 to the Registration Statement of TEPPCO Partners, L.P. (Commission File No. 33-32203) and incorporated herein by reference).
3.2*	Certificate of Formation of TEPPCO Colorado, LLC.
4.1	Form of Certificate representing Units (Filed as Exhibit 4.1 to the Registration Statement of TEPPCO Partners, L.P. (Commission File No. 33-32203) and incorporated herein by reference).
4.2	Agreement of Limited Partnership of TEPPCO Partners, L.P., dated March 7, 1990 (Filed as Exhibit 4(a) to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 1990 and incorporated herein by reference).
4.3	Form of Indenture between TE Products Pipeline Company, Limited Partnership and The Bank of New York, as Trustee, dated as of January 27, 1998 (Filed as Exhibit 4.3 to TE Products Pipeline Company, Limited Partnership's Registration Statement on Form S-3 (Commission File No. 333-38473) and incorporated herein by reference).
10.1	Agreement of Limited Partnership of TE Products Pipeline Company, Limited Partnership, dated March 7, 1990 (Filed as Exhibit 28 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 1990 and incorporated herein by reference).
10.2	Assignment and Assumption Agreement, dated March 24, 1988, between Texas Eastern Transmission Corporation and the Company (Filed as Exhibit 10.8 to the Registration Statement of TEPPCO Partners, L.P. (Commission File No. 33-32203) and incorporated herein by reference).
10.3	Texas Eastern Products Pipeline Company 1997 Employee Incentive Compensation Plan executed on July 14, 1997 (Filed as Exhibit 10 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended September 30, 1997 and incorporated herein by reference).
10.4	Agreement Regarding Environmental Indemnities and Certain Assets (Filed as Exhibit 10.5 to Form 10-K of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the year ended December 31, 1990 and incorporated herein by reference).
10.5	Texas Eastern Products Pipeline Company Management Incentive Compensation Plan executed on January 30, 1992 (Filed as Exhibit 10 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 1992 and incorporated herein by reference).
10.6	Texas Eastern Products Pipeline Company Long-Term Incentive Compensation Plan executed on October 31, 1990 (Filed as Exhibit 10.9 to Form 10-K of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the year ended December 31, 1990 and incorporated herein by reference).
10.7	Form of Amendment to Texas Eastern Products Pipeline Company Long-Term Incentive Compensation Plan (Filed as Exhibit 10.7 to Form 10-K of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the year ended December 31, 1995 and incorporated herein by reference).

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K (CONTINUED).

- 10.8 Employees' Savings Plan of Panhandle Eastern Corporation and Participating Affiliates (Effective January 1, 1991) (Filed as Exhibit 10.10 to Form 10-K of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the year ended December 31, 1990 and incorporated herein by reference).
- 10.9 Retirement Income Plan of Panhandle Eastern Corporation and Participating Affiliates (Effective January 1, 1991) (Filed as Exhibit 10.11 to Form 10-K of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the year ended December 31, 1990 and incorporated herein by reference).
- 10.10 Panhandle Eastern Corporation -- Executive Benefit Equalization Plan as amended November 29, 1989; effective January 1, 1990 (Filed as Exhibit 10.05 to Form 10-K of Panhandle Eastern Corporation (Commission File No. 1-8157) for the year ended December 31, 1989 and incorporated herein by reference).
- 10.11 Employment Agreement with William L. Thacker, Jr. (Filed as Exhibit 10 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended September 30, 1992 and incorporated herein by reference).
- 10.12 Texas Eastern Products Pipeline Company 1994 Long Term Incentive Plan executed on March 8, 1994 (Filed as Exhibit 10.1 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 1994 and incorporated herein by reference).
- 10.13 Panhandle Eastern Corporation Key Executive Deferred Compensation Plan established effective January 1, 1994 (Filed as Exhibit 10.2 to Form 10-Q of TEPPCO Partners, L.P. (Commission File No. 1-10403) for the quarter ended March 31, 1994 and incorporated herein by reference).
- 10.14* Asset Purchase Agreement between Duke Energy Field Services, Inc. and TEPPCO Colorado, LLC, dated March 31, 1998.
- 10.15* Credit Agreement between TEPPCO Colorado, LLC, SunTrust Bank, Atlanta, and Certain Lenders, dated April 21, 1998.
- 22.1 Subsidiaries of the Partnership (Filed as Exhibit 22.1 to the Registration Statement of TEPPCO Partners, L.P. (Commission File No. 33-32203) and incorporated herein by reference).
- 27* Financial Data Schedules as of and for the three months ended March 31, 1998.

 * Filed herewith.

(b) Reports on Form 8-K filed during the quarter ended March 31, 1998:

TEPPCO Partners, L.P. filed a report on Form 8-K on January 16, 1998 under Item 5, Other Events.

Items 1, 2, 3, 4 and 5 of Part II were not applicable and have been omitted.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on its behalf by the undersigned duly authorized officer and principal financial officer.

TEPPCO Partners, L.P.
(Registrant)

By: Texas Eastern Products Pipeline Company,
General Partner

CHARLES H. LEONARD

Charles H. Leonard
Senior Vice President, Chief Financial Officer
and Treasurer

TE Products Pipeline Company, Limited Partnership
(Registrant)

By: Texas Eastern Products Pipeline Company,
General Partner

CHARLES H. LEONARD

Charles H. Leonard
Senior Vice President, Chief Financial Officer
and Treasurer

Date: May 11, 1998

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- 27* Financial Data Schedules as of and for the three months ended March 31, 1998.

 * Filed herewith.

CERTIFICATE OF FORMATION

OF

TEPPCO COLORADO, LLC

This Certificate of Formation of TEPPCO Colorado, LLC (the "LLC"), dated March 26, 1997, is being duly executed and filed by Darice Angel, as an authorized person, to form a limited liability company under the Delaware Limited Liability Company Act (6 Del.C. 18-101, et seq.).

FIRST. The name of the limited liability company formed hereby is TEPPCO Colorado, LLC.

SECOND. The address of the registered office of the LLC in the State of Delaware is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

THIRD. The name and address of the registered agent for service of process on the LLC in the State of Delaware is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation as of the date first above written.

/s/ DARICE ANGEL

Name: Darice Angel
Authorized Person

STATE OF DELAWARE
OFFICE OF THE SECRETARY OF STATE

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF LIMITED LIABILITY COMPANY OF "TEPPCO COLORADO, LLC", FILED IN THIS OFFICE ON THE TWENTY-SIXTH DAY OF MARCH, A.D. 1998, AT 2:30 O'CLOCK P.M.

[STATE SEAL]

[SEAL]

/s/ EDWARD J. FREEL

Edward J. Freel, Secretary of State

AUTHENTICATION:

DATE: 3-26-98

ASSET PURCHASE AGREEMENT

BETWEEN

DUKE ENERGY FIELD SERVICES, INC.

AND

TEPPCO COLORADO, LLC

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ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") entered into and effective as of March 31, 1998, by and between Duke Energy Field Services, Inc., a Colorado corporation ("Seller") and TEPPCO Colorado, LLC, a Delaware limited liability company ("Buyer").

W I T N E S S E T H:

WHEREAS, Seller is engaged in the fractionation of natural gas liquids through the operation of certain fractionation assets located in Weld County, Colorado as hereinafter more specifically described; and

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Transferred Assets (as herein defined) upon the terms and subject to the conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual promises and obligations contained herein, and intending to be legally bound, Buyer and Seller agree as follows:

ARTICLE I
DEFINITIONS AND CONSTRUCTION

1.1 DEFINED TERMS. The capitalized terms used in this Agreement shall have the meanings ascribed to them as follows:

"Affiliate" means, when used with respect to a specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with the specified Person. For purposes of this definition "control", when used with respect to any specified Person, means the power to direct the management and policies of the Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have the meanings correlative to the foregoing. Notwithstanding the foregoing, the term "Affiliate" when applied to the Seller shall not include Duke Energy Trading and Marketing, L.L.C., a Delaware limited liability company ("DETM"), the Buyer, Texas Eastern Products Pipeline Company, a Delaware corporation ("TEPPCO"), TEPPCO Partners L.P., a Delaware limited partnership (the "Partnership") or any entities owned, directly or indirectly by the Partnership (collectively, with TEPPCO and the Partnership, but excluding DETM, the "TEPPCO Entities"); and as applied to the Buyer, shall not include the Seller, Duke Energy Corporation, a Delaware corporation, or any entities owned, directly or indirectly by Duke Energy Corporation other than the TEPPCO Entities;

"Business Day" means any day on which federal commercial banks are open for business for the purpose of sending and receiving wire transfers in Houston, Texas;

"Buyer" shall have the meaning given to that term in the preamble and any successor or assign permitted by this Agreement;

"Buyer's Damages" shall have the meaning given such term in Section 11.1 hereof;

"Buyer Indemnitees" shall have the meaning given such term in Section 11.1 hereof;

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. Section 9601 et seq.;

"Claim" means any demand, demand letter, claim or notice of noncompliance or violation (written or oral) or Proceeding;

"Claim Notice" shall have the meaning given such term in Section 11.4 hereof;

"Closing" shall have the meaning given to that term in Article IV;

"Closing Date" shall have the meaning given to that term in Article IV;

"Code" means the Internal Revenue Code of 1986, as amended, or any amending or superseding tax laws of the United States of America;

"Conveyance Documents" means all bills of sale, assignments and other good and sufficient instruments of transfer, conveyance and assignment, to effect or evidence the sale, conveyance, assignment, transfer and delivery of the Transferred Assets to Buyer and to vest in Buyer title to the Transferred Assets in accordance with this Agreement;

"Dedicated Lands" shall have the meaning given such term in the Frac Agreement.

"Disclosure Letter" shall mean the disclosure schedule of even date with this Agreement prepared and delivered to Buyer by Seller.

"Effective Time" shall mean 11:59 p.m. (Denver, Colorado Time) on March 31, 1998.

"Environmental Laws" shall mean all federal, state, or municipal laws, rules, regulations, statutes, ordinances, or orders of any Governmental Authority relating to (a) the control of any potential pollutant or protection of the air, water, or land, (b) solid, gaseous or liquid waste generation, handling, treatment,

storage, disposal or transportation and (c) exposure to hazardous, toxic or other substances alleged to be harmful. "Environmental Laws" shall include, but not be limited to, the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Clean Water Act, 33 U.S.C. Section 1251 et seq., RCRA, the Superfund Amendments and Reauthorization Act, 42 U.S.C. Section 11001, et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Water Pollution Control Act, 33 U.S.C. Section 1251 et seq., the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq. and CERCLA. The term "Environmental Laws" shall also include all state, local and municipal laws, rules, regulations, statutes, ordinances and orders dealing with the same subject matter or promulgated by any governmental or quasi-governmental agency thereunder or to carry out the purposes of any federal, state, local and municipal law;

"Environmental Liabilities" shall mean any and all liabilities, responsibilities, claims, suits, losses, costs (including remedial, removal, response, abatement, clean-up, investigative, or monitoring costs and any other related costs and expenses), other causes of action recognized now or at any later time, damages, settlements, expenses, charges, assessments, liens, penalties, fines, pre-judgment and post-judgment interest, attorneys' fees and other legal fees (a) pursuant to any agreement, order, notice, or responsibility, directive (including directives embodied in Environmental Laws), injunction, judgment, or similar documents (including settlements), or (b) pursuant to any claim by a Governmental Authority or other Person for personal injury, property damage, damage to natural resources, remediation, or payment or reimbursement of response costs incurred or expended by the Governmental Authority or Person pursuant to common law or statute;

"Environmental Losses" shall have the meaning given to that term in Section 11.2;

"Environmental Permit" shall mean any permit, license, approval, registration, identification number or other authorization with respect to the ownership or operation of the Transferred Assets or the Plants under any applicable law, regulation or other requirement of the United States or any other country or of any state, municipality or other subdivision thereof relating to the control of any pollutant or protection of health or the environment, including laws, regulations or other requirements relating to emissions, discharges, releases or threatened releases of pollutants, contaminants or hazardous or toxic materials or wastes into ambient air, surface water, groundwater or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of chemical substances, pollutants, contaminants or hazardous or toxic materials or wastes;

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended;

"Frac Agreement" shall mean the Fractionation Agreement in the form attached hereto as Exhibit A.

"Governmental Authority" means any entity of or pertaining to government, including any federal, state, local, other governmental or administrative authority, agency, court, tribunal, arbitrator, commission, board or bureau;

"Hazardous Materials" shall mean any (a) petroleum or petroleum products, (b) hazardous substances as defined by Section 101(14) of CERCLA and (c) any other chemical, substance or waste that is regulated by any Governmental Authority under any Environmental Law;

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvement Act of 1976.

"Indemnified Party" shall have the meaning given to that term in Section 11.4;

"Indemnifying Party" shall have the meaning given that term in Section 11.4;

"Intellectual Property" means any and all technical information, know-how, trade secrets, shop rights, designs, plans, manuals, computer software (to the extent transferrable at no cost to Seller), specifications and other proprietary and nonproprietary technology, data and information used in connection with the operation of the Transferred Assets;

"IRS" means the Internal Revenue Service of the United States of America;

"Lease Agreement" means that certain Lease Agreement between Buyer and Seller in the form attached hereto as Exhibit B, which relates to the Greeley fractionation facility;

"Lien" means, except for the Permitted Encumbrances, any lien, mortgage, pledge, claim, charge, security interest or other encumbrance, option, defect or other rights of any third person of any nature whatsoever;

"Losses" means any and all damages, losses, liabilities, demands, payments, obligations, penalties, assessments, costs, disbursements or expenses (including interest, awards, judgments, settlements, fines, costs of remediation, diminutions in value, fees, disbursements and expenses of attorneys, accountants and other professional advisors and of expert witnesses and costs of investigation and preparation of any kind or nature whatsoever);

"Material Adverse Effect" shall mean a single event, occurrence or fact that, alone or together with all other events, occurrences and facts, could reasonably be expected to result in a material loss to or material diminution in value of the Transferred Assets to a purchaser thereof or prohibit or delay the consummation of the transactions contemplated hereby; provided that the term

"Material Adverse Effect" shall not include changes in general economic, industry or market conditions, or changes in law, Environmental Laws or regulatory policy.

"O&M Agreement" shall mean the Operation and Maintenance Agreement in the form attached hereto as Exhibit C.

"Offer Notice" shall have the meaning given such term in Section 10.4.

"Party" means Seller or Buyer; and "Parties" means Seller and Buyer;

"Permit" means any license, permit or authority granted by any Governmental Authority;

"Permitted Encumbrances" means (a) Liens for current taxes and assessments not yet due or which Seller is contesting in good faith, (b) inchoate mechanic and materialmen liens for construction in progress, (c) inchoate workmen, repairmen, warehousemen, customer, employee and carriers liens arising in the ordinary course of business, (d) Liens created by Buyer and (e) Liens and imperfections of title that, singly or in the aggregate, would not have a Material Adverse Effect;

"Person" means any individual, corporation, partnership, joint venture, association, limited liability company, joint stock company, trust, unincorporated organization, Governmental Authority or government (or agency or political subdivision thereof);

"Plants" means Seller's Greeley Natural Gas Processing Plant and Spindle Natural Gas Processing Plant, including all improvements and fixtures, located in the SW1/4 of Section 25, T5N, R66W and the SW1/4 of Section 34, T2N, R67W in Weld County, Colorado, respectively, but excluding the Transferred Assets;

"Proceeding" means any action, suit, claim, investigation, review or other judicial or administrative proceeding, at law or in equity, before or by any Governmental Authority;

"Producer Contracts" shall mean those contracts listed in Section 5.5(b) of the Disclosure Letter.

"Project Agreements" shall have the meaning given such term in Section 10.4.

"Purchase Document" means any of this Agreement, the Lease Agreement, the Sublease Agreement the O&M Agreement and the Frac Agreement, and "Purchase Documents" means all of the foregoing agreements.

"Purchase Price" shall have the meaning given to that term in Section 2.3;

"RCRA" means the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901 et seq.;

"Records" means all agreements, documents, books, records and files relating to the Transferred Assets, including without limitation, accounting records, operating records, charts, maps, surveys, drawings, prints and any physical embodiment of the Intellectual Property, however, Records shall not include the corporate, financial, tax and legal files and records, and gas purchase, processing and/or gathering agreements of Seller;

"Retained Liabilities" shall have the meaning given to that term in Article III;

"Seller" shall have the meaning given to that term in the preamble;

"Seller's Damages" shall have the meaning given such term in Section 11.3 hereof;

"Seller Indemnitees" shall have the meaning given such term in Section 11.3 hereof;

"Sublease Agreement" means that certain Sublease Agreement between Buyer and Seller in the form attached hereto as Exhibit D, which relates to the Spindle fractionation facility;

"Tax" or "Taxes" means any United States or foreign federal, state or local income tax, ad valorem tax, excise tax, sales tax, use tax, franchise tax, real or personal property tax, transfer tax, gross receipts tax or other tax, assessment, duty, fee, levy or other governmental charge, together with and including, any and all interest, fines, penalties, assessments, and additions to Tax resulting from, relating to, or incurred in connection with any of those or any contest or dispute thereof;

"Tax Consideration" shall have the meaning given to that term in Section 2.6;

"Tax Return" means any report, statement, form, return or other document or information required to be supplied to a taxing authority in connection with Taxes; and

"Transfer Documents" shall have the meaning given to that term in Section 16.4; and

"Transferred Assets" shall mean all of the equipment and other tangible assets which are located within the areas outlined in red and the equipment listed in red print on the attached Exhibits E and F;.

1.2 OTHER DEFINITIONAL PROVISIONS.

(a) As used in this Agreement, unless expressly stated otherwise, references to (a) "including" mean "including, without limitation", and the words "hereof", "herein", and "hereunder", and similar words, refer to this Agreement as a whole and not to any particular Article, provision, section or paragraph of this Agreement and (b) "or" mean "either or both". Unless otherwise specified, all references in this Agreement to Sections, paragraphs, Exhibits or Schedules are deemed references to the corresponding Sections, paragraphs, Exhibits or Schedules in this Agreement.

(b) Whenever a statement is qualified by the term "knowledge," "best knowledge" or similar term or phrase, it is intended to indicate actual knowledge on the part of a Person or its officers, directors, plant managers and department heads.

1.3 HEADINGS. The headings of the Sections of this Agreement and of the Schedules and Exhibits are included for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation hereof or thereof.

1.4 OTHER TERMS. Other terms may be defined elsewhere in the text of this Agreement and shall have the meaning indicated throughout this Agreement.

ARTICLE II
PURCHASE AND SALE OF ASSETS

2.1 PURCHASE AND SALE OF ASSETS.

(a) At the Closing, but effective for all purposes as of the Effective Time, Seller shall sell, transfer, assign, convey, set over, grant, bargain and deliver to Buyer free and clear of all Liens (other than Permitted Encumbrances), and Buyer shall purchase and acquire from Seller, all right, title and interest in and to the Transferred Assets.

(b) Seller shall use its best efforts to obtain the consents of third parties as are necessary for the assignment of the Transferred Assets. To the extent that any of the Transferred Assets are not assignable by the terms thereof or consents to the assignment thereof cannot be obtained, the Transferred Assets shall be held by Seller in trust for Buyer and shall be performed by Buyer in the name of Seller and all benefits and obligations derived thereunder shall be for the account of Buyer, provided that where entitlement of Buyer to those Transferred Assets hereunder is not recognized by any third party, Seller shall, at the request of Buyer, enforce in a reasonable manner, at the cost of Seller, any and all rights of Seller against the third party.

2.2 THERE IS NO SECTION 2.2 TO THIS AGREEMENT.

2.3 PURCHASE PRICE. The purchase price for the Transferred Assets shall be \$40,000,000 (Forty Million Dollars) (the "Purchase Price"), payable as set forth below by check or wire transfer in immediately available funds to an account or accounts designated in writing by Seller to Buyer prior to the respective date of payment.

(a) \$2,000,000 (Two Million Dollars) (the "Initial Payment") shall be paid to Seller simultaneously with the execution of this Agreement. The Initial

Payment will be promptly returned by Seller to Buyer by wire transfer in immediately available funds to an account or accounts designated by Buyer to Seller, together with interest thereon at a per annum rate of 5.75% for the period beginning on the date the Initial Payment is made by Buyer to Seller and ending on the date such amount is returned to Buyer by Seller, if and only if, one or more of the conditions set forth in Section 7.1 is not satisfied and this Agreement is terminated.

(b) \$38,000,000 (Thirty-Eight Million Dollars) shall be payable at Closing, together with interest thereon at a per annum rate of 5.75% for the period beginning on the date on which the Effective Time occurs and ending on the Closing Date.

2.4 PRORATIONS OF EXPENSES AND CERTAIN PROPERTY TAXES.

(a) Seller warrants to Buyer that the Transferred Assets are not, and on the Effective Time will not be, subject to or liable for any special assessments or similar types of impositions. Any general property Tax assessed against or pertaining to the Transferred Assets for the taxable period that includes the Effective Time shall be prorated between Buyer and Seller as of the Effective Time. For purposes of this proration, such taxes for 1998 shall be assumed to be \$45,000.

(b) Except as otherwise provided in this Agreement, Seller and Buyer agree that amounts payable with respect to utility charges and other items of expense attributable to the operation of the Transferred Assets shall be prorated as of the Effective Time to the extent the charges and expenses cannot be identified as to the Party who received the benefits to which the charges and expenses relate. To the extent the amounts are estimated at Closing and the prorations are inaccurate, Seller and Buyer agree to make such payment to the other after the amounts are correctly computed, that is necessary to allocate the charges properly between Seller and Buyer as of the Effective Time.

2.5 TAXES AND RECORDING FEES.

(a) Seller shall be responsible for all transfer, sales, use, excise, stamp and similar Taxes arising out of or with respect to the transactions contemplated by this Agreement. Seller and Buyer each agree (i) to report the federal, state and local income Tax and other Tax consequences of the transactions contemplated herein, and in particular, to report information required by Code Section 1060(b), in a manner consistent with the allocation of the Purchase Price in accordance with Section 2.6 and (ii) that neither Party will take any position inconsistent therewith upon examination of any Tax Return, in any refund claim, in any litigation, investigation, or otherwise.

(b) Buyer and Seller acknowledge and agree that the Purchase Price includes and is inclusive of any and all sales, use, transfer or other similar Taxes imposed as a result of the consummation of the transactions contemplated by

this Agreement, and Seller hereby agrees to indemnify Buyer against, and agrees to protect, save and hold Buyer harmless from, any loss, liability, obligation or claim (whether or not ultimately successful) for sales, use, transfer or other similar Taxes (and any interest, penalties, additions to Tax and fines thereon or related thereto) imposed as a result of the consummation of the transactions contemplated by this Agreement, but not including any income, franchise or similar tax of Buyer.

(c) Buyer shall pay any and all recording, filing or other fees relating to the conveyance or transfer of the Transferred Assets from Seller to Buyer.

2.6 ALLOCATION OF PURCHASE PRICE. For federal income Tax purposes (including Buyer's and Seller's compliance with the reporting requirements of Section 1060 of the Code), each of Seller and Buyer shall agree within thirty (30) calendar days following the Closing as to the allocation of the consideration (including the Purchase Price) deemed to have been paid for federal income Tax purposes by Buyer to Seller pursuant to this Agreement (the "Tax Consideration") among the Transferred Assets (the "Allocation"), which allocation shall be final and binding on Seller and Buyer. Seller and Buyer agree to cooperate in good faith with each other in connection with the preparation and filing of any information required to be furnished to the IRS under Section 1060 of the Code (including Section 1060(b) and (e) of the Code) and any applicable regulations thereunder. Without limiting the generality of the preceding sentence, Buyer and Seller agree to (i) report the allocations to the IRS on Form 8594 and, if required, supplemental Forms 8594, in accordance with the instructions to Form 8594 and the provisions of Section 1060 of the Code and the applicable regulations thereunder and (ii) coordinate their respective preparation and filing of each the Form 8594 and any other forms or information statements or schedules required to be filed under Section 1060 of the Code and the applicable regulations thereunder so that the allocations and information reflected on the forms, statements and schedules shall be consistent.

2.7 TITLE AND RISK OF LOSS. Title and risk of loss with respect to the Transferred Assets shall pass to Buyer at the Effective Time; provided, however, that should the Closing not occur, title and risk of loss shall be deemed to remain in Seller for all purposes and for all periods of time.

ARTICLE III RETAINED OBLIGATIONS

LIABILITIES NOT ASSUMED BY BUYER. Seller shall pay and discharge in due course all of its liabilities, debts and obligations, whether known or unknown, now existing or hereafter arising, contingent or liquidated as the same relate to the Transferred Assets for all periods of time prior to the Effective Time (the "Retained Liabilities"), and neither Buyer nor any of its Affiliates shall assume, or in any way be liable or responsible for, any of the Retained Liabilities. Without limiting the generality of the foregoing, the Retained Liabilities shall include, without limitation, the following:

(a) any liability or obligation of Seller arising out of or in connection with the negotiation and preparation of this Agreement and the consummation and performance of the transactions contemplated hereby, whether or not the

transactions are consummated, including any Tax liability so arising (excluding income, franchise or similar Taxes of Buyer);

(b) any liability or obligation for any and all Taxes of, or pertaining or attributable to, (i) Seller or (ii) the ownership or operation of the Transferred Assets for any period or portion thereof that ends on or before the Effective Time (including any and all Taxes described in clauses (i) and (ii) of this paragraph (b) for which liability is or may be sought to be imposed on Buyer under any successor liability, transferee liability or similar provision of any applicable federal, foreign, state or local law (including Section 111.020 of the Texas Tax Code));

(c) any liability or obligation relating to any indemnification or warranty obligation of Seller created by it on or before the Effective Time and any obligation for product liability for products manufactured or produced or for services rendered by Seller, in whole or in part, on or prior to the Effective Time;

(d) any liability to which any of the Parties may become subject as a result of any failure to effect the transactions contemplated by this Agreement in compliance with the bulk sales provisions of the Uniform Commercial Code as in effect in any state or any similar statute as enacted in any jurisdiction; and

(e) all other liabilities and obligations of Seller to any Person related to the Transferred Assets.

ARTICLE IV CLOSING DATE AND EFFECTIVE TIME

The closing of the purchase and sale of the Transferred Assets (the "Closing") shall take place at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney Street, Suite 5100, Houston, Texas, or at such other place as the Parties may mutually agree to in writing. The Closing shall take place at 10:00 a.m. on the latter of (i) five (5) Business Days after the date Seller and Buyer obtain all necessary regulatory approvals, if any, required by each of them respectively, pursuant to this Agreement or (ii) thirty (30) calendar days after the date hereof. The date of the Closing is referred to herein as the "Closing Date". Regardless of the actual Closing Date, the transactions contemplated by this Agreement shall be effective as of the Effective Time.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in the Disclosure Letter (whereunder disclosure under any Section thereof shall constitute disclosure under all other Sections thereof provided appropriate cross-references are included to such other Sections) delivered to Buyer herewith, Seller represents and warrants to, and agrees and covenants with, Buyer as follows:

5.1 CORPORATE MATTERS. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Colorado and has all requisite corporate power and authority to own, operate and lease its properties and assets and to carry on its business in the places and in the manner currently conducted. Buyer has been provided with a true and correct copy of Seller's Articles of Incorporation and Bylaws as currently in effect. Seller owns directly all of the Transferred Assets and has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder.

5.2 VALIDITY OF AGREEMENT; NO CONFLICT.

(a) This Agreement has been duly authorized, executed and delivered by Seller and is a legal, valid and binding obligation of Seller, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws from time to time in effect that affect creditors' rights generally and by legal and equitable limitations on the availability of specific remedies.

(b) The execution, delivery and performance of this Agreement by Seller and the other agreements and documents to be delivered by Seller to Buyer hereunder, the consummation of the transactions contemplated hereby or thereby, and the compliance with the provisions hereof or thereof, by Seller will not, with or without the passage of time or the giving of notice or both:

(i) conflict with, constitute a breach, violation or termination of any provision of, or give rise to any right of termination, cancellation or acceleration, or loss of any right or benefit or both, under, any or agreement to which Seller is a party or by which it or the Transferred Assets are bound;

(ii) conflict with or violate the Articles of Incorporation or Bylaws of Seller;

(iii) result in the creation or imposition of any Lien on any of the Transferred Assets; or

(iv) to Seller's knowledge, violate any law, statute, ordinance, regulation, judgment, writ, injunction, rule, decree, order or any other restriction of any kind or character applicable to Seller or its properties or assets.

5.3 GOVERNMENTAL CONSENTS, APPROVALS AND AUTHORIZATIONS.

(a) Except as set forth in Section 5.3(a) of the Disclosure Letter, no order, license, consent, waiver, authorization or approval of, or exemption by, or the giving of notice to, or the registration with, or the taking of any other action in respect of, any Person not a Party, including any Governmental Authority, and no filing, recording, publication or registration in any public office or any other place is now, or under existing law in the future will be, necessary on

behalf of Seller to authorize the execution, delivery and performance of this Agreement or any other agreement contemplated hereby to be executed and delivered by it and the consummation of the transactions contemplated hereby or thereby (including assignment of the Transferred Assets), or to effect the legality, validity, binding effect or enforceability thereof, other than any requirement that is applicable to Buyer or as a result of any other facts that specifically relate to the business or activities in which Buyer is or proposes to be engaged.

(b) Except for items that will not have a Material Adverse Effect, all licenses, permits, concessions, warrants, franchises and other governmental authorizations and approvals, of all Governmental Authorities required or necessary for Seller to own and operate the Transferred Assets in the places and in the manner currently conducted have been duly obtained, are in full force and effect and are set forth truly, correctly and completely in Section 5.3(b) of the Disclosure Letter, which Section 5.3(b) shall be attached to this Agreement on its execution or delivered to Buyer sufficiently prior to the Closing Date for Buyer to adequately review the same. Seller has received no notification concerning, and Seller has no knowledge of, violations that are in existence or that have been recorded with respect to those licenses, permits or other authorizations and no proceeding is pending or, to the knowledge of Seller, threatened with respect to the revocation or limitation of any of the licenses, permits or other authorizations. To Seller's knowledge, Seller has complied with all laws, rules, regulations and orders applicable to the ownership and operation of the Transferred Assets.

5.4 TITLE TO AND CONDITION OF PROPERTIES.

(a) The real property described in the Lease Agreement and the Sublease Agreement constitutes the only interest in real property included in or required for the continued operation of the Transferred Assets.

(b) A complete listing of the Transferred Assets is set forth in Exhibits E and F, and all of the Transferred Assets are located on the lands covered by the Lease Agreement and the Sublease Agreement and is in Seller's possession and control. Seller has good and marketable title to all the Transferred Assets, free and clear of all Liens.

(c) Seller has not received any notice of infringement, misappropriation or conflict from any other Person with respect to the operation of the Plants or the Transferred Assets except as noted in Section 5.4(c) of the Disclosure Letter, and the operation of the Transferred Assets has not infringed, misappropriated or otherwise conflicted with any patents, patent applications, patent rights, trademarks, trademark applications, service marks, service mark applications, copyrights, trade names, unregistered copyrights, trade secrets or know-how of any other Person.

(d) The operation of the Transferred Assets in the ordinary course of business is not dependent upon the right to use the property of Persons other than Seller, except such property as is leased or licensed to Seller and to Buyer pursuant to any of the Transferred Assets, which leases and licenses are disclosed in Section 5.5(a) of the Disclosure Letter. No Person, other than Seller, owns or has any interest in any Transferred Asset or any asset currently used by Seller in the operation of the Transferred Assets or the Plants, except such assets as are leased or licensed to Seller pursuant to any of the Transferred Assets.

(e) The Transferred Assets are in good operating condition and repair, in accordance with standards generally acceptable in the industry, ordinary wear and tear accepted, are free of material defects, are adequate and sufficient for the operations of such Seller as currently conducted and have maximum aggregate operating capacity of 504,000 Gallons (as defined in the Frac Agreement) per day. Such structures, equipment and other properties and their use conform in all respects to all applicable laws, except for such noncompliance as will have no Material Adverse Effect.

(f) Upon consummation of the transactions contemplated by this Agreement, Buyer shall have a nonexclusive right to use the Intellectual Property in connection with its ownership and operation of the Transferred Assets, including the operation of such assets by third parties.

5.5 CONTRACTS AND COMMITMENTS.

(a) Except as set forth in Section 5.5(a) of the Disclosure Letter and for the Retained Liabilities, none of the Transferred Assets are subject to:

(i) any agreement, contract or commitment requiring the expenditure or series of related expenditures of funds in excess of \$10,000;

(ii) any agreement, contract or commitment requiring the payment for goods or services whether or not the goods or services are actually provided or the provision of goods or services at a price less than Seller's cost of producing the goods or providing the services;

(iii) any loan or advance to, or investment in, any Person or any agreement, contract, commitment or understanding relating to the making of any loan, advance or investment;

(iv) any contract, agreement, indenture, note or other instrument relating to the borrowing of money or any guarantee or other contingent liability in respect of any indebtedness or obligation of any Person (other than the endorsement of

negotiable instruments for deposit or collection in the ordinary course of business);

(v) any management service, union, employment, consulting or other similar type contract or agreement;

(vi) any agreement, contract or commitment that would limit the freedom of Buyer or any Affiliate thereof following the Effective Time to own, operate, sell, transfer, pledge or otherwise dispose of or encumber any of the Transferred Assets or to compete with any Person or to engage in any business or activity in any geographic area;

(vii) any agreement, lease, contract or commitment or series of related agreements, leases, contracts or commitments not entered into in the ordinary course of business or, except for agreements to purchase or sell goods and services entered into in the ordinary course of business of Seller, not cancelable by Seller without penalty to Seller or within 30 days;

(viii) any agreement or contract that would obligate or require Buyer or any subsequent owner of any of the Transferred Assets to provide for indemnification or contribution with respect to any matter;

(ix) any license, royalty or similar agreement; or

(x) any other agreement, contract or commitment that might reasonably be expected to have a Material Adverse Effect.

(b) Section 5.5(b) of the Disclosure Letter lists, and identifies as such, all contracts between Seller or its Affiliates and producers of natural gas from the Dedicated Lands (the "Producer Contracts"). Pursuant to these Producer Contracts, Seller fractionated through the Transferred Assets no less than 120,000,000 Gallons (as defined in the Frac Agreement) of liquids in 1997. Seller has provided Buyer complete access to all such Producer Contracts.

(c) Seller is not in breach of any material provision of, or is not in default (or knows of any event or circumstance that with notice, or lapse of time or both, would constitute an event of default) under the terms of any of the contracts listed in Section 5.5(a) and (b) of the Disclosure Letter and all of such contracts are in full force and effect. Seller is not aware of any pending or threatened disputes with respect to any of such contracts..

(d) Except as set forth in Section 5.5(d) of the Disclosure Letter, the enforceability of the contracts listed in Section 5.5(a) and (b) of the Disclosure Letter will not be affected in any manner by the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby and

none of the contracts require the consent or waiver of any Person or Governmental Authority prior to the sale, assignment, transfer, conveyance or delivery thereof pursuant to this Agreement.

5.6 OPERATING DATA AND INFORMATION. Attached as Section 5.6 of the Disclosure Letter are historical operating data and information for the periods January 1, 1993 through December 31, 1997 relating to the Transferred Assets, and including volumes of liquids fractionated through the Transferred Assets for the periods indicated. Such operating data and information are accurate and complete with respect to such periods. Subsequent to such periods, there have been no adverse changes in the volumes of liquids fractionated in the Transferred Assets and Seller has no knowledge of any fact or circumstance which would result in a material decrease in such volumes.

5.7 TAXES. Except as set forth in Section 5.7 of the Disclosure Letter:

(a) all Taxes assessed and due and owing against the Transferred Assets or the operation thereof on or before the Effective Time have been or will be timely paid in full on or before the Closing Date; and

(b) all withholding Tax and Tax deposit requirements imposed on Seller and applicable to the Transferred Assets or the operation thereof for any and all periods prior to and including the Effective Time have been or will be timely satisfied in full on or before the Closing Date.

5.8 NO VIOLATIONS OR LITIGATION.

(a) Seller has not violated, and the consummation of the transactions contemplated hereby will not cause any violation of, any order of any Governmental Authority or any law, ordinance, regulation, order, requirement, statute, rule, permit, concession, grant, franchise, license or other governmental authorization relating or applicable to the ownership or operation of any of the Transferred Assets or that would have a Material Adverse Effect.

(b) Except as set forth in Section 5.8(b) of the Disclosure Letter, there is no Claim, including no governmental investigation or examination, or any change in any zoning or building ordinance pending or, to Seller's knowledge, threatened against or affecting any of the Transferred Assets or the ownership or operation of such assets, at law or in equity, before or by any Governmental Authority and no basis exists for any such Claim.

5.9 NO ADVERSE CHANGES OR EVENTS. Since December 31, 1997, the Transferred Assets have been consistently operated only in the ordinary course, consistent with past practices, and there has not been:

(a) any adverse change in the financial condition, assets, liabilities (contingent or otherwise), results of operations or prospects of the Transferred Assets except for the changes that in the aggregate have not had a Material Adverse Effect, or any occurrence, circumstance or combination thereof that

might reasonably be expected to have a Material Adverse Effect before or after the Effective Time;

(b) any damage, destruction or loss, whether or not covered by insurance, adversely affecting the Transferred Assets;

(c) any mortgage, pledge or creation of any Lien (other than a Permitted Encumbrance) with respect to any of the Transferred Assets;

(d) any sale, transfer or other disposition of any of the Transferred Assets ;

(e) any material change in the customary methods used in operating the Transferred Assets;

(f) any change in the data required to be set forth on any Exhibit or Schedule to this Agreement, or any other event or condition of any character whatsoever pertaining to the Transferred Assets that has had or reasonably may be expected to have a Material Adverse Effect; or

(g) any adverse change in the Producer's Contracts which, in the aggregate, might reasonably be expected to have a Material Adverse Effect.

5.10 ENVIRONMENTAL MATTERS. Except as set forth in Section 5.10 of the Disclosure Letter:

(a) There are no prior owners of the Transferred Assets. Seller has not caused or allowed the generation, use, treatment, storage, or disposal of Hazardous Materials at any site or facility owned, leased or operated in connection with the ownership or operation of the Transferred Assets except in accordance with all applicable Environmental Laws or except to the extent the same would not have a Material Adverse Effect or would not result in any liability, contingent or otherwise, to Buyer or its Affiliates;

(b) To its knowledge, Seller does not own or lease any real property, improvements or related assets that form a part of the Transferred Assets that have been subject to the release of any Hazardous Materials;

(c) To its knowledge, Seller has secured all Environmental Permits necessary for the ownership or operation of the Transferred Assets, and Seller is in compliance with the Environmental Permits;

(d) To its knowledge, Seller has not received any notice, nor is it aware, of any proposal to amend, revoke or replace any Environmental Permit relating to any of the Transferred Assets, or requiring the issuance of any additional Environmental Permit in connection therewith;

(e) To its knowledge, Seller has not received inquiry or notice nor does it have any reason to suspect or believe it will receive inquiry or notice of any actual or potential Proceedings or losses related to or arising under any Environmental Law;

(f) To its knowledge, Seller is not currently operating or required to be operating under any compliance order, schedule, decree or agreement, any consent decree, order or agreement, or corrective action decree, order or agreement issued or entered into under any federal, state or local statute, regulation or ordinance regarding the environment or health or safety in the work place;

(g) Seller has not transported, arranged for the transportation of or disposed of any substance in a manner that may lead to claims against Buyer for clean-up costs, remedial work, damages to natural resources or for personal injury claims, nor does it have any knowledge of any other Person who has undertaken such activities which may lead to such claims against Buyer; and

(h) Seller has conducted the operations of the Transferred Assets in compliance with all applicable limitations, restrictions, conditions, standards, prohibitions, requirements and obligations established under Environmental Laws, except where such non-compliance would not, either individually or in the aggregate, have a Material Adverse Effect.

5.11 PRODUCT LIABILITY. To Seller's knowledge and except as disclosed in Section 5.11 of the Disclosure Letter there are no facts or events forming the basis of any present claim against Seller not fully covered by insurance, except for deductibles and self-insurance retentions, for personal injury or property damage alleged to be caused by products produced or services rendered by or on behalf of Seller in connection with its ownership or operation of the Transferred Assets.

5.12 NO UNTRUE STATEMENTS. This Agreement, the Exhibits and Schedules hereto, and all other documents and certificates delivered to Buyer and its representatives in connection with this Agreement or the transactions contemplated hereby, do not and will not contain when delivered any untrue statement of any material fact and do not and will not omit to state a material fact necessary to make the statements contained herein or therein not misleading. There is no material fact that has not been disclosed in writing to Buyer by Seller that has or will have a Material Adverse Effect.

5.13 SELLER'S EMPLOYEE BENEFIT LIABILITIES. Buyer shall not be liable or obligated under any employee benefit plan or for any other employee benefits that may have been established by Seller for its employees. Without limiting the generality of the foregoing, Seller acknowledges and agrees that Buyer does not assume the sponsorship of, the responsibility of contributions to, or any liabilities in connection with any employee benefit plan maintained by Seller for active employees, retirees, former employees, their beneficiaries or any other person, including any employee pension benefit plan within the meaning of section 3(2) of ERISA, employee welfare plan within the meaning of section 3(1) of ERISA and any personnel policy, stock option plan, bonus plan or arrangement, incentive award plan or arrangement, vacation

policy, severance pay plan, policy or agreement, deferred compensation agreement, executive compensation or supplemental income arrangement, consulting agreement, employment agreement and each other employee benefit plan, agreement, arrangement, program, practice or understanding.

5.14 FINDER'S FEES. No investment banker, broker or finder has acted directly or indirectly for Seller or any Affiliate of Seller in connection with this Agreement or the transactions contemplated hereby. No other investment banker, broker, finder or other Person is entitled to any brokerage or finder's fee or similar commission in respect thereof based in any way on agreements, arrangements or understandings made by or on behalf of Seller or any of its Affiliates. Seller agrees to indemnify and hold Buyer harmless from and against any and all claims, liabilities or obligations with respect to all fees, commissions or expenses asserted by any Person on the basis of any act, statement, agreement or commitment alleged to have been made by Seller or any of its Affiliates with respect to any such fee, expense or commission.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF BUYER

6.1 CORPORATE MATTERS. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. Buyer has all requisite limited liability company power and authority to enter into this Agreement and to perform its obligations under this Agreement.

6.2 VALIDITY OF AGREEMENT; NO CONFLICT. This Agreement has been duly authorized, executed and delivered by Buyer and is a legal, valid and binding obligation of Buyer, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws from time to time in effect that affect creditors' rights generally and by legal and equitable limitations on the availability of specific remedies. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Buyer will not violate any provision of, or constitute a default under, any contract or other agreement to which Buyer is a party or by which it is bound, or conflict with its Limited Liability Company Agreement.

6.3 FINDER'S FEE. No investment banker, broker or finder has acted directly or indirectly for Buyer or any Affiliate of Buyer in connection with this Agreement or the transactions contemplated hereby. No other investment banker, broker, finder or other Person is entitled to any brokerage or finder's fee or similar commission in respect thereof based in any way on agreements, arrangements or understandings made by or on behalf of Buyer or any of its Affiliates. Buyer agrees to indemnify and hold Seller harmless from and against any and all claims, liabilities or obligations with respect to all fees, commissions or expenses asserted by any Person on the basis of any act, statement, agreement or commitment alleged to have been made by Buyer or any of its Affiliates with respect to any such fee, expense or commission.

ARTICLE VII
CONDITIONS PRECEDENT

7.1 CONDITIONS TO OBLIGATIONS OF BUYER AT CLOSING. The obligation of Buyer to purchase the Transferred Assets as contemplated hereby is, at the option of Buyer, subject to the satisfaction on or before the Closing Date of the conditions set forth below, any of which may be waived by Buyer in writing; provided, that Buyer's election to proceed with the Closing of the transactions contemplated hereby shall not be deemed a waiver of any breach of any representation, warranty, covenant or agreement herein, whether or not known to Seller or existing on the Closing Date, and the action shall not prejudice Buyer's right to recover damages for any breach.

(a) Representations, Warranties and Covenants. Seller shall have performed, satisfied, and complied in all material respects with all covenants, agreements, and conditions required by this Agreement to be performed, satisfied, or complied with by it on or before the Closing, and all representations and warranties of Seller contained in this Agreement or in any certificate, document, instrument or writing delivered to Buyer by or on behalf of Seller under this Agreement shall be true and correct on and as of the Closing Date with the same force and effect as though they had been made on the Closing Date, and Buyer shall have received a certificate, dated as of the Closing Date, signed by a duly authorized officer of Seller certifying the same.

(b) Resolutions. Buyer shall have received a certificate, dated as of the Closing Date, signed by Seller's Secretary or Assistant Secretary certifying (i) the accuracy and completeness of the copies of, as well as the current effectiveness of, the resolutions to be attached thereto of the Board of Directors of Seller authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein, (ii) the incumbency of the officers executing this Agreement on behalf of Seller and any documents to be executed and delivered by Seller at the Closing, and (iii) that attached to the certificate are true and correct copies of the charter documents and Bylaws of Seller, as in force and effect on the Closing Date.

(c) Good Standing. Seller shall have delivered to Buyer certificates issued by appropriate Governmental Authorities evidencing the good standing and existence of Seller, as of a date not more than thirty (30) calendar days prior to the Closing Date, in Colorado.

(d) Instruments of Transfer. Seller shall have executed, acknowledged and delivered to Buyer the Conveyance Documents, in form and substance reasonably satisfactory to Buyer, as shall be necessary or reasonably desirable to vest in Buyer all right, title and interest in and to the Transferred Assets.

(e) No Adverse Effect. There shall have been no Material Adverse Effect .

(f) Consents. All consents, licenses and approvals from all third Persons necessary or appropriate for Buyer to consummate the transactions contemplated by this Agreement, including those listed in Section 5.3(a) of the Disclosure Letter, shall have been received.

(g) Delivery of Other Agreements. Seller shall have executed and delivered to Buyer all other Purchase Documents to which it is a party.

(h) No Litigation. No Proceeding that is meritorious in the opinion of counsel to Buyer shall have been instituted or threatened relating to this Agreement or the transactions contemplated hereby, and no Governmental Authority shall have taken any other action to challenge or delay the transactions contemplated hereby.

(i) HSR Act. Any required waiting period under the HSR Act shall have expired or early termination shall have been granted with respect to such periods.

7.2 CONDITIONS TO OBLIGATIONS OF SELLER AT CLOSING. The obligation of Seller to transfer the Transferred Assets as contemplated hereby is, at the option of Seller, subject to the satisfaction on or before the Closing Date of the conditions set forth below, any of which may be waived by Seller in writing; provided, however, Seller's election to proceed with the Closing of the transactions contemplated hereby shall not be deemed a waiver of any breach of any representation, warranty or covenant herein, whether or not known to Seller or existing on the Closing Date, and the action shall not prejudice Seller's right to recover damages for any breach.

(a) Representations, Warranties and Covenants. Buyer shall have performed, satisfied, and complied in all material respects with all covenants, agreements, and conditions required by this Agreement to be performed, satisfied, or complied with by it on or before the Closing, and the representations and warranties of Buyer in this Agreement or in any certificate, document, instrument or writing delivered to Seller by or on behalf of Buyer under this Agreement shall be true and correct on and as of the Closing Date with the same force and effect as though they had been made on the Closing Date, and Seller shall have received a certificate, dated as of the Closing Date, signed by the President or a Vice President of Buyer certifying the same.

(b) Resolutions. Seller shall have received a certificate, dated as of the Closing Date, signed by Buyer's Secretary or Assistant Secretary certifying (i) the accuracy and completeness of the copies of, as well as the current effectiveness of, the resolutions to be attached thereto of the Board of Directors of Buyer authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein, (ii) the incumbency of the officers executing this Agreement on behalf of Buyer and any documents to be executed and delivered by Buyer at the Closing, and (iii) that attached to the certificate are true and correct copies of the charter documents of Buyer, as in force and effect on the Closing Date.

(c) Good Standing. Buyer shall have delivered to Seller certificates issued by appropriate Governmental Authorities evidencing the good standing and existence of Buyer, as of a date not more than thirty (30) calendar days prior to the Closing Date, in Colorado and Delaware. To the extent provided for under applicable law, Buyer shall also have delivered to Seller certificates or other writings issued by appropriate Governmental Authorities evidencing that all applicable state franchise Taxes have been paid.

(d) Delivery of Other Agreements. Buyer shall have executed and delivered to Seller all other Purchase Documents to which it is a party.

(e) No Litigation. No Proceeding that is meritorious in the opinion of counsel to Seller shall have been instituted or threatened relating to this Agreement or the transactions contemplated hereby, and no Governmental Authority shall have taken any other action to challenge or delay the transactions contemplated hereby.

(f) Consents. All consents, licenses and approvals from all third Persons necessary or appropriate for Seller to consummate the transactions contemplated by this Agreement, including those listed in Section 5.3(a) of the Disclosure Letter, shall have been received.

(g) HSR Act. Any required waiting period under the HSR Act shall have expired or early termination with respect to such period shall have been granted.

(h) Purchase Price. Buyer shall have delivered to Seller on the Closing Date the Purchase Price in accordance with Section 2.3.

ARTICLE VIII

HSR FILING; ACCESS TO INFORMATION BY BUYER; MATTERS PENDING CLOSING

8.1 HSR Filing. Each Party shall (i) file on or before March 31, 1998 with the Department of Justice ("DOJ") and the Federal Trade Commission ("FTC") the notification and report form required for the transactions contemplated hereunder by the HSR Act, requesting early termination of the waiting period thereunder, (ii) respond promptly to any inquiries from the DOJ or the FTC in connection with such filings and (iii) comply in all material respects with the requirements of the HSR Act. Subject to regulatory constraints, Seller and Buyer shall cooperate with each other and promptly furnish all information to the other Party that is necessary in connection with the Parties' compliance with the HSR Act. Seller and Buyer shall coordinate their initial filing of the notification and report form so that such filings are made simultaneously. Seller and Buyer shall each keep the other Party fully advised with respect to any requests from or communications with the DOJ or FTC and shall consult with the other Party with respect to all filings and responses thereto.

8.2 PRIOR TO CLOSING. Until the Closing, during normal business hours, Seller will allow Buyer and its employees, officers, accountants, attorneys, agents, investment bankers and

other authorized representatives to examine all financial, operating and other data and information relating to the ownership and operation of the Transferred Assets as Buyer shall from time to time reasonably request and will afford Buyer and its employees, officers, accountants, attorneys, agents and other authorized representatives access to Seller's offices, properties, books, records, contracts and documents and will be given the opportunity to ask questions of, and receive answers from, representatives of Seller with respect to the Business and the Transferred Assets. No investigations by Buyer or its employees, representatives or agents shall reduce or otherwise affect the obligation or liability of Seller with respect to any representations, warranties, covenants or agreements made herein or in any Exhibit, Schedule or other certificate, instrument, agreement or document executed and delivered in connection with this Agreement. Each Party will cooperate with the other Party and its employees, officers, accountants, attorneys, agents and other authorized representatives in the preparation of any documents or other materials that may be required by any Governmental Authority.

8.3 PUBLIC ANNOUNCEMENTS. Until the Closing or termination hereof, Buyer and Seller will consult in advance on the necessity for, and the timing and content of, any communications to be made to the public and, subject to legal constraints, to the form and content of any application or report to be made to any Governmental Authority that relates to the transactions contemplated by this Agreement and, except with respect to public announcements or disclosures that are, in the opinion of the Party proposing to make the announcement or disclosure, legally required to be made, all public announcements and disclosures shall require the consent of Buyer and Seller, which consent shall not be unreasonably withheld.

8.4 ACTIONS PENDING CLOSING. From the date hereof until the Closing, except as contemplated by this Agreement, Seller represents, warrants and covenants that, unless the prior written consent of Buyer is obtained, it will not take any direct or indirect action that would result in a violation of any of the following:

(a) Seller will operate the Transferred Assets diligently and in the usual, regular and ordinary manner.

(b) Seller will not enter into or modify any contract or commitment not in the usual and ordinary course of its business consistent with past business practices, including without limitation, the Producer Contracts, or engage in any transaction not in the usual and ordinary course of its business consistent with past business practices that would have an adverse effect on the throughput of volumes through the Transferred Assets.

(c) Seller will not enter into any contract or commitment for the purchase of merchandise that would require any payment by Buyer after the Closing.

(d) Seller will not:

(i) create, assume or permit to exist any Lien upon any of the Transferred Assets, whether now owned or hereafter acquired;

(ii) sell, assign, lease or otherwise transfer or dispose of any of the Transferred Assets; or

(iii) enter into any transaction, contract or commitment that, by reason of its size or otherwise, affects the Transferred Assets and is not in the ordinary course of business as customarily and now conducted.

(e) All tangible property of Seller that constitute part of the Transferred Assets will be maintained in good working order, condition and repair, ordinary wear and tear excepted, in accordance with past practice, and in compliance with all applicable agreements, laws and regulations.

(f) Seller will maintain insurance on the Transferred Assets in accordance with Seller's past practices and will not permit any insurance policy naming it as a beneficiary or a loss payee to be canceled or terminated or any of the coverage thereunder to lapse unless simultaneously with such termination or cancellation replacement policies providing substantially the same coverage are in full force and effect.

(g) To the extent related to the ownership and operation of the Transferred Assets, Seller will maintain its books, accounts and records in the usual, regular and ordinary manner, on a basis consistent with prior years and in a businesslike manner in accordance with sound commercial practice, and will not introduce any method of accounting inconsistent with that used in prior periods, and will comply with all laws applicable to it and to the conduct of its business.

(h) To the extent related to the ownership and operation of the Transferred Assets, Seller will timely file all Tax Returns and all reports required to be filed with any federal, state or local governmental agency or regulatory body.

(i) Seller will not enter into any transaction, make any agreement or commitment or take any other action that would result in any of the representations or warranties contained in this Agreement not being true and correct as of the Closing Date.

ARTICLE IX
NONCOMPETITION AGREEMENT

9.1 NONCOMPETITION COVENANT. Seller agrees that, for a period beginning on the Effective Time and ending on the earlier of termination of the Frac Agreement or the twentieth (20th) anniversary of the Effective Time, neither it nor any of its Affiliates will engage or participate in, or carry on, directly or indirectly, either as proprietor, partner, stockholder, agent, consultant, advisor, trustee, Affiliate or otherwise, whether or not for compensation, the ownership or operation of any natural gas liquid fractionation facilities (other than the Transferred Assets pursuant to the O&M Agreement) which frac natural gas liquids produced from the Dedicated Lands.

9.2 REASONABLENESS OF COVENANT. Seller acknowledges that the covenant provided in Section 9.1 hereof is manifestly reasonable on its face and is no more restrictive than is required for the protection of Buyer in its acquisition and operation of the Transferred Assets in that such covenant is given in consideration for Buyer's performance of its obligations under this Agreement and the other agreements called for herein. In the event the provisions of Section 9.1 should ever be deemed to exceed the time and geographic limitations permitted by applicable law, then such provisions shall be reformed to the maximum time or geographic limitations permitted by applicable law.

9.3 INJUNCTIVE RELIEF. It is specifically understood and agreed that any breach or threatened breach of the provisions of Section 9.1 hereof is likely to result in irreparable harm to Buyer and that an action at law for damages alone will be an inadequate remedy for such breach or threatened breach, and that Buyer would suffer irreparable harm in the event Seller fails to comply with its obligations hereunder. Therefore, in addition to any other remedy that may be available to it, Buyer shall be entitled to enforce the specific performance of Section 9.1 by Seller and to seek both temporary and permanent injunctive relief (to the extent permitted by law) without the necessity of proving actual damages, and such other relief as the court may allow. The provisions of Article XV shall not be applicable to this Article IX or to the enforcement of its provisions.

ARTICLE X
ADDITIONAL AGREEMENTS

10.1 DELIVERY OF CORPORATE DOCUMENTS. Seller shall deliver to Buyer a copy of all Records, including computer disks reflecting any books or records, documents or other papers, or other information or data relating to the ownership or operation of the Transferred Assets stored on any electronic media, including computers. Seller agrees that, Buyer and its authorized representatives, upon the execution of Seller's standard confidentiality agreement, shall have the right to inspect and, at Buyer's expense, copy, at any time during regular business hours for any proper purpose, the corporate, accounting, auditing and tax books, records (including work papers) and other books and records relating to the ownership and operation of the Transferred Assets as are retained by Seller or its Affiliates.

10.2 FURTHER ASSURANCES. Seller shall execute, acknowledge and deliver or cause to be executed, acknowledged and delivered to Buyer at Closing the Conveyance Documents and other instruments of transfer, assignment and conveyance, in form and substance satisfactory to counsel for Buyer, as shall be necessary or desirable to vest in Buyer all the right, title and interest in and to the Transferred Assets free and clear of all Liens (including the release of all Liens of record) and shall use commercially reasonable efforts to cause to be taken the other action as Buyer reasonably may require to more effectively implement and carry into effect the transactions contemplated by this Agreement.

10.3 COOPERATION AFTER CLOSING.

(a) Seller and Buyer shall cooperate with each other during the period ending twenty (20) years after the Closing in clearing the title to any of the Transferred Assets to Buyer pursuant hereto if Seller's title to any such property

as of the Closing Date, shall be defective, not marketable or nonassignable. In this connection, Seller shall take all commercially reasonable action, including the furnishing of documents and evidences of title and assistance in the preparation and trial of any necessary litigation, to clear title to any the property, all of which shall be at the expense of Seller.

(b) For the greater of five years from the Closing Date and the period as may be required by any statute, regulation or Governmental Authority or any then pending litigation, Buyer shall permit Seller and its representatives reasonable access to the Records that are transferred to Buyer in connection herewith in anticipation of, or preparation for, existing or future litigation or any Tax audit which Seller or any of its Affiliates is involved and which is related to the Business or the Transferred Assets, during regular business hours and upon reasonable notice at Buyer's principal places of business or at any location where the Records are stored; provided that (i) any access shall be had or done in a manner so as to not interfere with the normal conduct of the Business, (ii) Buyer shall not be required to provide access to any confidential record or records, the disclosure of which would violate any statute or regulation or applicable confidentiality agreement with any Person, and (iii) Buyer shall not be required to provide access to any confidential record or records, the disclosure of which would cause Buyer or any of its Affiliates to waive its attorney-client privilege or attorney work product privilege.

(c) For the greater of five years from the Closing Date and the period as may be required by any statute, regulation or Governmental Authority or any then pending litigation, Seller shall permit Buyer and its representatives reasonable access to the general business records and files of Seller in anticipation of, or preparation for, existing or future litigation or any Tax audit in which Buyer or any of its affiliates is involved and which is related to the Business or the Transferred Assets, during regular business hours and upon reasonable notice at Seller's principal places of business or at any location where the records or files are stored; provided that (i) any access shall be had or done in a manner so as to not interfere with the normal conduct of Seller's business, (ii) Seller shall not be required to provide access to any confidential record or records, the disclosure of which would violate any statute or regulation or applicable confidentiality agreement with any Person, and (iii) Seller shall not be required to provide access to any confidential records or files, the disclosure of which would cause Seller or any of its Affiliates to waive its attorney-client privilege or attorney work product privilege.

10.4 CONTINUATION OF OPERATIONS; RIGHT OF FIRST REFUSAL.

(a) Nothing in this Agreement, in any Exhibit or Schedule hereto, or in any agreement, instrument or other document executed or delivered in connection with this Agreement shall require Buyer to continue its business or operations or to manage and operate the Transferred Assets. Seller acknowledges and agrees that Buyer, in its sole discretion, may continue, manage, modify or discontinue its operations, liquidate or otherwise change or cease its operations.

(b) Notwithstanding the foregoing, should Buyer elect to discontinue, liquidate, materially change or cease operation of the Transferred Assets, it will give Seller at least ninety (90) days prior written notice thereof, and Seller shall have a period of thirty (30) days after receipt of Buyer's notice to deliver a written notice to Buyer that it elects to acquire the Transferred Assets. If Seller elects to acquire the Transferred Assets, Buyer shall, upon receipt of payment from Seller of the fair market value (as defined below) of the Transferred Assets, convey the same to Seller free and clear of all Liens and Claims created by, through or under Buyer. For purposes of this Section 10.4, "fair market value" shall be the fair market value of the Transferred Assets as of the date of the notice from Buyer and as determined by an independent appraiser acceptable to both parties, such acceptance not to be unreasonably withheld. Such independent appraiser shall be someone with at least ten years experience in the gas processing industry.

(c) Should Buyer wish to sell or otherwise transfer the Transferred Assets or to sell or otherwise transfer such assets together with the Frac Agreement, the O&M Agreement, the Lease Agreement and/or the Sublease Agreement (collectively the "Project Agreements") either directly or indirectly through a merger, consolidation, amalgamation or otherwise, or should Buyer receive an offer, to purchase any of the Transferred Assets and/or the Project Agreements, whether directly or indirectly through a merger, consolidation, amalgamation or otherwise, which offer Buyer wishes to accept, Buyer shall furnish to Seller in writing the material provisions of such proposed sale, transfer or purchase (the "Offer Notice"). Seller shall have thirty (30) days after receipt of the Offer Notice to give written notice of its election to acquire such assets and/or agreements described in the Offer Notice for the consideration and subject to the terms and conditions set forth in the Offer Notice. If Seller fails to respond within such thirty (30) day period or elects not to acquire such assets and/or agreements, Buyer shall be free for a period of six (6) months from the end of such thirty (30) day period to transfer the Transferred Assets and/or the Project Agreements, as may be the case, for consideration and under terms and conditions no less favorable to Buyer than those set forth in the Offer Notice.

(d) Notwithstanding the foregoing provisions of this Section 10.4, Buyer shall be free to sell or otherwise transfer the Transferred Assets and/or the Subject Agreements to any Affiliate of either Buyer or Seller with no obligation to advise Seller of such sale or transfer and without the creation of the rights provided Seller in this Section 10.4.

(e) Any purchase by Seller under this Section 10.4 shall close within sixty (60) days of Seller's notice of acceptance. Such period of time shall be extended as reasonably necessary to obtain all required regulatory approvals, if any. Buyer and Seller shall use all reasonable efforts to effectuate any such transfer. The failure of Seller to close within such time period, unless due to the fault of Buyer, shall permit Buyer to sell or transfer the assets in question without obligation to Seller.

(f) In the event of a sale or transfer to Seller pursuant to 10.4(b) or (c), both Parties will be released from all obligations under the Project Documents except for

those that continue beyond termination of their respective agreement, and Seller shall be released from the obligations of Article IX hereof.

10.5 Additional Undertakings. Seller will deliver to Buyer, sufficiently prior to the Closing Date so that Buyer may have reasonable opportunity to inspect same, a true and correct, detailed list of (i) all permits and other items described in Section 5.3(b), and (ii) all items comprising the Transferred Assets, each list providing such information as Buyer may reasonably request. Additionally, Seller will deliver to Buyer within six (6) months of the Closing Date a list of all Producer Contracts in effect as of the Effective Date, including accurate and complete information with respect to the contract number, date, contract parties, term of agreement and whether such Producer Contract provides for fractionation of liquids by Seller or an Affiliate for each such contract.

10.6 Identification of Buyer's Property. Seller will cooperate with Buyer in permitting Buyer to place appropriate signs or other notices on the Transferred Assets to indicate ownership of such assets by Buyer. Such signs or other notices shall be reasonable in terms of size and location.

10.7 Interim Operations. During the period beginning on the Effective Date and ending on the Closing Date, Seller agrees that it will operate the Transferred Assets as called for by the O&M Agreement as if such agreement were in effect. The Parties agree that during this interim operating period the Parties will receive the economic benefit of such operations of the Transferred Assets as fully and completely as if the Purchase Documents were in effect. Should the Closing not occur, however, the operations of the Transferred Assets during this interim period shall be solely for the account of Seller.

ARTICLE XI INDEMNIFICATION

11.1 SELLER'S INDEMNITY. Assuming the Closing occurs and subject to the provisions of this Article XI, Seller agrees to indemnify, defend and hold Buyer and its Affiliates and their respective officers, directors, shareholders, unitholders, members, managers, agents, employees, representatives, successors and assigns (said persons being sometimes referred to in this Section 11.1 as "Buyer Indemnitees") harmless from and against and in respect of any Claims and Losses (collectively the "Buyer's Damages"), arising out of or resulting from, and shall pay the Buyer Indemnitees the full amount of Buyer's Damages that Buyer Indemnitees may be obligated to pay on account of:

(a) any misrepresentation, breach of warranty or failure to perform any covenant or agreement made or undertaken by Seller in this Agreement or any misrepresentation in or omission from any other agreement, certificate, Schedule, Exhibit or writing delivered to Buyer pursuant to this Agreement;

(b) the Retained Liabilities; or

(c) The ownership or operation of the Transferred Assets, or the creation, existence or occurrence of any fact or event on or prior to the Effective Time related to the operation of the Transferred Assets.

11.2 ENVIRONMENTAL INDEMNIFICATION. Assuming the Closing occurs, Seller agrees to indemnify, defend and hold each Buyer Indemnitee harmless from and against and in respect of any and all Environmental Liabilities that may be imposed upon or incurred by Buyer, arising out of or in connection with (a) the acts or omissions of any Person prior to the Effective Time relating to the ownership or operation of the Transferred Assets, or any business conducted at the Plants; (b) any act or omission of Seller relating to the Plants (other than an act or omission by Buyer in the operation of the Transferred Assets after the Effective Time, but excluding Buyer's failure to detect or remedy any existing environmental conditions or any Environmental Liabilities existing on or prior to the Effective Time); or (c) any breach by Seller of a representation or warranty contained in Section 5.10 (collectively, "Environmental Losses").

11.3 BUYER'S INDEMNITY. Assuming the Closing occurs and subject to the provisions of this Article XI and the provisions of the other Purchase Documents (the indemnification provisions of which shall control over the provisions of this Section 11.3), Buyer agrees to indemnify, defend and hold Seller and its Affiliates and their respective officers, directors, shareholders, unitholders, members, managers, agents, employees, representatives, successors and assigns (said persons being sometimes referred to in this Section 11.3 as the "Seller Indemnitees") harmless from and against any Claims and Losses (collectively "Seller's Damages"), arising out of or resulting from, and shall pay the Seller Indemnitees the full amount of Seller's Damages that the Seller Indemnitees may be obligated to pay on account of:

(a) any misrepresentation, breach of warranty or failure to perform any covenant or agreement made or undertaken by Buyer in this Agreement or any misrepresentation in or omission from any other agreement, certificate, Schedule, Exhibit or writing delivered to Seller pursuant to this Agreement;

(b) The ownership or operation of the Transferred Assets, or the creation, existence or occurrence of any fact or event subsequent to the Effective Time related to the operation of the Transferred Assets; or

(c) Any and all Environmental Liabilities that may be imposed upon or incurred by Seller, arising out of or in connection with the acts or omissions of any Person (other than Seller) on and after the Effective Time relating to the Transferred Assets,

11.4 PROCEDURE. All claims for indemnification by a party under this Article XI (the party claiming indemnification and the party against whom such claims are asserted being hereinafter called the "Indemnified Party" and the "Indemnifying Party", respectively) shall be asserted and resolved as follows:

(a) In the event that any Claim for which an Indemnifying Party would be liable to an Indemnified Party hereunder is asserted against or sought to be collected from such Indemnified Party by a third party, such Indemnified Party shall, within 45 calendar days of the receipt thereof, give notice (the "Claim Notice") to the Indemnifying Party of such Claim, specifying the nature of and specific basis for such Claim and the amount or the estimated amount thereof to the extent then feasible, which estimate shall not be binding upon the Indemnifying Party in its effort to collect the final amount of such Claim. The failure to give any such notice shall not affect the

rights of the Indemnified Party to indemnification hereunder unless the Indemnified Party has proceeded to contest, defend or settle the Claim with respect to which it has failed to give prior notice to the Indemnifying Party. Additionally, to the extent the Indemnifying Party is prejudiced thereby, the failure to so notify the Indemnifying Party of any such Claims shall relieve the Indemnifying Party from liability that it may have to the Indemnified Party under the indemnification provisions contained in this Article XI, but only to the extent of the loss directly attributable to such failure to notify, and shall not relieve the Indemnifying Party from any liability that it may have to the Indemnified Party otherwise than under this Article XI.

(b) The Indemnifying Party shall be given the opportunity, at its cost and expense, to contest and defend by all appropriate legal proceedings any Claim with respect to which it is called upon to indemnify the Indemnified Party under the provisions of this Agreement; provided, however, that notice of the intention so to contest and defend shall be delivered by the Indemnifying Party to the Indemnified Party within thirty (30) days following receipt of the notice provided for in Section 11.4(a) above. If the Indemnifying Party does not give notice to the Indemnified Party of its election to contest and defend any such Claim within such period then the Indemnifying Party shall be bound by the result obtained with respect thereto by the Indemnified Party and shall be responsible for all costs incurred in connection therewith. The Claim which the Indemnifying Party elects to contest and defend may be conducted in the name and on behalf of the Indemnifying Party or the Indemnified Party as may be appropriate. Such Claim shall be conducted by counsel employed by the Indemnifying Party who shall be reasonably satisfactory to the Indemnified Party, and the Indemnified Party shall have the right to participate in such Claim and to be represented by counsel of its own choosing at its cost and expense. If the Indemnified Party joins in any such Claim, the Indemnifying Party shall have full authority to determine all action to be taken with respect thereto; provided that if the Indemnifying Party reserves its rights with respect to its indemnification obligations under this Agreement as to such Claim, then the Indemnified Party shall have the full authority to determine all action to be taken with respect thereto. At any time after the commencement of defense of any Claim, the Indemnifying Party may request the Indemnified Party to agree in writing to the abandonment of such contest or to the payment or compromise by the Indemnifying Party of the asserted Claim, provided the Indemnifying Party agrees in writing to be solely liable for all losses relating to such Claim; whereupon such action shall be taken unless the Indemnified Party determines that the contest should be continued and notifies the Indemnifying Party in writing within fifteen (15) days of such request from the Indemnifying Party. In the event that the Indemnified Party determines that the contest should be continued, the amount for which the Indemnifying Party would otherwise be liable hereunder shall not exceed the amount which the Indemnifying Party had agreed to pay in payment or consideration of such Claim, provided the other party to the contested Claim had agreed in writing to accept such amount in payment or compromise of the Claim as of the time the Indemnifying Party made its request therefor to the Indemnified Party, and further provided that, under such proposed compromise, the Indemnified Party would be fully and completely released from any further liability or obligation with respect to the matters which are the subject of such contested Claim.

(c) If requested by the Indemnifying Party, the Indemnified Party agrees, at the Indemnifying Party's expense, to cooperate with the Indemnifying Party and its counsel in contesting any Claim that the Indemnifying Party elects to contest, or, if appropriate and related to the Claim in question, in making any counterclaim against the person asserting the third party Claim, or any cross-complaint against any person other than an affiliate of the Indemnified Party.

(d) If any Indemnified Party should have a Claim against the Indemnifying Party hereunder that does not involve a Claim being asserted against or sought to be collected from it by a third party, the Indemnified Party shall send a Claim Notice with respect to such Claim to the Indemnifying Party. If the Indemnifying Party disputes such Claim, such dispute shall be resolved in the manner set forth in Article XV hereof.

(e) The Indemnified Party agrees to afford the Indemnifying Party and its counsel the opportunity, at the Indemnifying Party's expense, to be present at, and to participate in, conferences with all Persons, asserting any Action against the Indemnified Party and conferences with representatives of or counsel for such Persons.

11.5 INDEMNIFICATION THRESHOLD. Neither Seller nor Buyer shall be obligated to indemnify the other Party until the Buyer's Damages or Seller's Damages, as may be the case, have exceeded in the aggregate \$100,000, and then such Indemnifying Party's obligation to indemnify shall apply only to such excess amounts.

11.6 EXPRESS NEGLIGENCE. TO THE EXTENT A PARTY HEREUNDER IS ENTITLED TO INDEMNIFICATION UNDER THIS ARTICLE XI, SUCH INDEMNIFICATION SHALL APPLY NOTWITHSTANDING THE NEGLIGENCE, GROSS NEGLIGENCE, WILLFUL OR OTHER ACT BY THE PARTY TO BE SO INDEMNIFIED AND NOTWITHSTANDING SUCH ACT MAY OCCUR IN THE FUTURE, IT BEING THE INTENT OF THE PARTIES HERETO THAT SUCH INDEMNIFICATION SHALL APPLY TO ALL SUCH ACTS.

ARTICLE XII TERMINATION

12.1 Efforts to Satisfy Conditions. Buyer and Seller agree to use their commercially reasonable efforts to bring about the satisfaction of the conditions specified in Article VII hereof.

12.2 Termination. The obligations to close the transactions contemplated by this Agreement may be terminated by:

(a) mutual agreement of Buyer and Seller;

(b) Buyer, if a material default shall be made in the observance or performance by Seller of any agreements and covenants of Seller herein contained, or if there shall have been a breach by Seller of any warranties and representations and the same is not cured within thirty days after receipt of notice from Buyer;

(c) Seller, if a material default shall be made by Buyer in the observance or performance by Buyer of any agreements and covenants of Buyer herein contained, or if there shall have been a breach by Buyer of any warranties and representations and the same is not cured within thirty days after receipt of notice from Seller;

(d) Buyer, if Seller has been unable to satisfy all conditions to the Closing set forth in Section 7.1 by June 1, 1998; or

(e) Seller, if Buyer has been unable to satisfy all conditions to the Closing set forth in Section 7.2 by June 1, 1998.

12.3 LIABILITY UPON TERMINATION. If the obligation to close the transactions contemplated by this Agreement is terminated pursuant to any provision of Section 12.2, then neither party shall be under any liability to the other party hereto other than as provided in Section 2.3(a) hereof; provided, however, that nothing herein shall relieve any party from liability for any breach of or default under this Agreement occurring prior to such termination. Except as set forth in this Section 12.3, the rights of the parties shall not terminate upon the failure to close the transactions contemplated hereby. Buyer shall have the right to specific performance if the Agreement is not otherwise terminated.

ARTICLE XIII

NATURE OF STATEMENTS AND SURVIVAL OF COVENANTS, REPRESENTATIONS, WARRANTIES AND AGREEMENTS

All statements of fact contained in any written statement, certificate, instrument or document delivered by or on behalf of Seller or Buyer pursuant to this Agreement or in connection with the transactions contemplated hereby shall be deemed representations and warranties of Seller or Buyer, respectively. All representations, warranties, covenants and agreements made by the Parties in this Agreement or pursuant hereto shall survive the Closing without limit, except as hereinafter provided, notwithstanding any investigation heretofore or hereafter made by or on behalf of any of them and shall not be deemed merged into any instruments or agreements delivered at Closing. All representations and warranties of the Parties shall survive until the tenth anniversary of the Effective Time.

ARTICLE XIV

EXPENSES

Except as otherwise set forth herein, and whether or not the transactions contemplated by this Agreement shall be consummated, each Party agrees to pay, without right of reimbursement from any other Party, the costs incurred by the Party incident to the preparation and execution of this Agreement and performance of its obligations hereunder, including the fees and disbursements of legal counsel, accountants and consultants employed by the Party in connection with the transactions contemplated by this Agreement.

Notwithstanding the foregoing, each Party agrees to share equally the filing fee for filings made pursuant to the HSR Act.

ARTICLE XV
DISPUTES

15.1 Negotiation. In the event of any controversy or claim, whether based in contract, tort or otherwise, arising out of or relating to this Agreement or the scope, breach, termination or validity of this Agreement (a "Claim"), the Parties shall promptly seek to resolve any such Claim by negotiations between senior executives of the Parties who have authority to settle the Claim. When a Party believes there is a Claim under this Agreement, that Party will give the other Party written notice of the Claim. Within thirty (30) days after receipt of such notice, the receiving Party shall submit to the other a written response. Both the notice and response shall include (i) a statement of each Party's position and a summary of the evidence and arguments supporting its position, and (ii) the name, title, fax number, and telephone number of the executive who will represent that Party. In the event the Claim involves a claim arising out of the actions of any person or entity not a signatory to this Agreement, the receiving Party shall have such additional time as necessary, not to exceed an additional thirty (30) days, to investigate the Claim before submitting a written response. The executives shall meet at a mutually acceptable time and place within fifteen (15) days after the date of the response and thereafter as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the Claim. If one of the executives intends to be accompanied at a meeting by an attorney, the other executive shall be given at least five (5) working days' notice of such intention and may also be accompanied by an attorney. All negotiations and communications pursuant to this Article 15 shall be treated and maintained by the Parties as confidential information and shall be treated as compromise and settlement negotiations for the purposes of the Federal and State Rules of Evidence .

15.2 Failure to Resolve. If the Claim has not been resolved within sixty (60) days after the date of the response given pursuant to Section 15.1 above, or such additional time, if any, that the Parties mutually agree to in writing, or if the Party receiving such notice denies the applicability of the provisions of Section 15.1 or otherwise refuses to participate under the provisions of Section 15.1, either Party may initiate binding arbitration pursuant to the provisions of Section 15.3 below.

15.3 Arbitration. Any Claims not settled pursuant to the foregoing provisions shall be submitted to binding arbitration in accordance with the following provisions. Arbitration shall be the sole and exclusive remedy of the Parties in connection with any Claims hereunder.

- (a) The Party desiring to initiate arbitration in connection with any Claim shall send, via certified mail, written notice of demand of arbitration to the other Party and the name of the arbitrator appointed by the Party demanding arbitration together with a statement of the matter in controversy.
- (b) Within fifteen (15) days after receipt of such demand, the receiving Party shall name its arbitrator. If the receiving Party fails or refuses to name its arbitrator within such 15-day period, the second arbitrator shall be appointed, upon request of the Party demanding arbitration, by the Chief U.S. District Court

Judge for the District of Colorado or such other person designated by such judge. The two arbitrators so selected shall within fifteen (15) days after their designation select a third arbitrator; provided, however, that if the two arbitrators are not able to agree on a third arbitrator within such 15-day period, either Party may request the Chief U.S. District Court Judge for the District of Colorado or such other person designated by such judge to select the third arbitrator as soon as possible. In the event the Judge declines to appoint an arbitrator, appointment shall be made, upon application of either Party, pursuant to the Commercial Arbitration Rules of the American Arbitration Association. If any arbitrator refuses or fails to fulfill his or her duties hereunder, such arbitrator shall be replaced by the Party which selected such arbitrator (or if such arbitrator was selected by another Person, through the procedure which such arbitrator was selected) pursuant to the foregoing provisions.

- (d) Each arbitrator selected by the Parties shall be a certified public accountant or licensed attorney with at least fifteen (15) years of oil and gas experience as a certified public accountant and/or practicing attorney. The arbitrators selected by the Parties are not required to be neutral, but the third arbitrator shall be neutral and shall be a certified public accountant. If neither of the arbitrators appointed by or on behalf of the Parties is a retired judge, then the third arbitrator shall be a retired judge.
- (e) The Parties hereto hereby request and consent to the three (3) arbitrators conducting a hearing in Denver, Colorado no later than sixty (60) days following their selection or thirty (30) days after all prehearing discovery has been completed, whichever is later, at which the Parties shall present such evidence and witnesses as they may choose, with or without counsel.
- (f) Arbitration shall be conducted in accordance with the Commercial Arbitration Rules and procedures of the American Arbitration Association.
- (g) The Federal Rules of Civil Procedure, as modified or supplemented by the local rules of civil procedure for the U.S. District Court of Colorado, shall apply in the arbitration. The Parties shall make their witnesses available in a timely manner for discovery pursuant to such rules. If a Party fails to comply with this discovery agreement within the time established by the arbitrators, after resolving any discovery disputes, the arbitrators may take such failure to comply into consideration in reaching their decision. All discovery disputes shall be resolved by the arbitrators pursuant to the procedures set forth in the Federal Rules of Civil Procedure.
- (h) Adherence to formal rules of evidence shall not be required. The arbitrators shall consider any evidence and testimony that they determine to be relevant.
- (i) The Parties hereto hereby request that the arbitrators render their decision within thirty (30) calendar days following conclusion of the hearing.

- (j) Any decision by a majority of the arbitration panel shall be final, binding and non-appealable. Any such decision may be filed in any court of competent jurisdiction and may be enforced by any Party as a final judgment in such court. There shall be no grounds for appeal of any arbitration award hereunder.
- (k) The defenses of statute of limitations and laches shall be tolled from and after the date a Party gives the other Party written notice of a Claim as provided in Section 15.1 above until such time as the Claim has been resolved pursuant to Section 15.1 , or an arbitration award has been entered pursuant to Section 15.3.

15.4 Recovery of Costs and Attorneys' Fees. In the event arbitration (or, despite the Parties agreement to the Claims through binding arbitration, litigation) arising out of this Agreement is initiated by either Party, the prevailing Party, after the entry of a final non-appealable order, shall be entitled to recover from the other Party, as a part of said order, all court costs, fees and expenses of such arbitration (or litigation), including, without limitation, reasonable attorneys' fees.

15.5 Choice of Forum. If, despite the Parties' agreement to submit any Claims to binding arbitration, there are any court proceedings arising out of or relating to this Agreement or the transactions contemplated hereby, such proceedings shall be brought and tried in the federal or state courts situated in the City and County of Denver, Colorado.

15.6 Jury Waivers. THE PARTIES HEREBY WAIVE ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY.

15.7 Limitation of Damages. WHETHER OR NOT OCCASIONED BY A DEFAULT OR OTHER BREACH OF THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES, LOSS OF PROFITS, OR CONSEQUENTIAL DAMAGES.

15.8 Governing Law. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF COLORADO, WITHOUT REGARD TO ANY CONFLICT-OF-LAWS PROVISION THEREOF THAT WOULD OTHERWISE REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

15.9 LIMITATION OF DAMAGES. WHETHER OR NOT OCCASIONED BY A DEFAULT OR OTHER BREACH OF THIS FRAC AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR SPECIAL DAMAGES, EXEMPLARY OR PUNITIVE DAMAGES, LOSS OF PROFITS, OR CONSEQUENTIAL DAMAGES.

ARTICLE XVI
GENERAL PROVISIONS

16.1 FURTHER ASSURANCES. At any time or from time to time at and after the Closing, each of the Parties shall, at the request of the other, execute and deliver or cause to

be executed and delivered all the assignments, consents, documents and instruments, and take or cause to be taken all the other reasonable actions as may be necessary or desirable to more fully and effectively carry out the intents and purposes of this Agreement.

16.2 NOTICES. All notices, requests, demands and other communications required or permitted to be given under this Agreement shall be deemed to have been duly given if in writing and delivered personally or sent via first-class, postage prepaid, registered or certified mail (return receipt requested), or by overnight delivery service or facsimile transmission addressed as follows:

If to Seller:

Duke Energy Field Services, Inc.
370 - 17th Street, Suite 900
Denver, Colorado 80202
Telephone: (303) 595-3331
Facsimile: (303) 893-2613
Attn: President

and copy to:

Duke Energy Field Services, Inc.
370 - 17th Street, Suite 900
Denver, Colorado 80202
Telephone: (303) 595-3331
Facsimile: (303) 893-8902
Attn: General Counsel

If to Buyer:

TEPPCO Colorado, LLC
2929 Allen Parkway, Suite 3200
Houston, Texas 77019
Attention: President
Telephone: (713) 759-3636
Facsimile: (713) 759-3957

and copy to:

Texas Eastern Products Pipeline Company
2929 Allen Parkway, Suite 3200
Houston, Texas 77019
Attention: General Counsel
Telephone: (713) 759-3968
Facsimile: (713) 759-3645

Any Party may change the address to which the communications are to be directed to it by giving notice to the other in the manner provided in this Section 16.2. Notice by mail shall be deemed to have been given and received on the third calendar day after posting. Notice by overnight delivery service, facsimile transmission or personal delivery shall be deemed given on the date of actual delivery.

16.3 GOVERNING LAW. This Agreement and the performance of the transactions contemplated hereby shall be governed by and construed and enforced in accordance with the laws of the State of Colorado, without regard to any conflict-of-laws provision thereof that would otherwise require the application of the law of any other jurisdiction.

16.4 ENTIRE AGREEMENT. This Agreement and the Exhibits hereto, together with the other agreements, conveyance documents and other transfer documents pursuant to which the Transferred Assets are to be transferred (the "Transfer Documents"), the other Purchase Agreements and all certificates, documents, instruments and writings that are delivered pursuant hereto and thereto sets forth the entire agreement and understanding of the Parties with respect of the transactions contemplated hereby and supersede all prior agreements, arrangements and understandings relating to the subject matter hereof. No representation, promise, inducement or statement of intention with respect to the subject matter of this Agreement has been made by any Party that is not embodied in this Agreement and Exhibits hereto, the other Purchase Agreements, the Transfer Documents, the certificates, documents, instruments and writings that are delivered pursuant hereto and thereto, and none of the Parties shall be bound by or liable for any alleged representation, promise, inducement or statement of intention not so set forth.

16.5 ASSIGNMENT. Neither Party to this Agreement may sell, transfer, assign, pledge or hypothecate its rights, interests or obligations under this Agreement without the consent of the other Party.

16.6 SUCCESSORS. This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Parties hereto and their respective successors and permitted assigns.

16.7 AMENDMENTS; WAIVER. This Agreement may be amended, superseded or canceled, and any of the terms hereof may be waived, only by a written instrument specifically stating that it amends, supersedes or cancels this Agreement or waives any of the terms herein, executed by all Parties or, in the case of a waiver, by the Party waiving compliance. The failure of any Party at any time to require performance of any provision herein shall in no manner affect the right at a later time to enforce the same. No waiver by any Party of any condition, or of any breach of any term, covenant, representation or warranty, shall be deemed or constitute a waiver of any other condition, or breach of any other term, covenant, representation or warranty, nor shall the waiver constitute a continuing waiver unless otherwise expressly provided.

16.8 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

16.9 WAIVER. The waiver of any breach of any term or condition of this Agreement shall not be deemed to constitute the waiver of any other breach of the same or any other term or condition.

16.10 SEVERABILITY. Any provision hereof that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

16.11 NO THIRD PARTY BENEFICIARIES. Except to the extent a third party is expressly given rights herein, any agreement contained, expressed or implied in this Agreement shall be only for the benefit of the Parties hereto and their respective legal representatives, successors and assigns, and such agreements shall not inure to the benefit of the obligees of any indebtedness of any Party hereto, it being the intention of the Parties hereto that no person or entity shall be deemed a third party beneficiary of this Agreement, except to the extent a third party is expressly given rights herein.

16.12 NEGOTIATED TRANSACTION. The provisions of this Agreement were negotiated by the Parties hereto, and this Agreement shall be deemed to have been drafted by all of the Parties hereto.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first set forth above.

SELLER:

DUKE ENERGY FIELD SERVICES, INC.

By: /s/ DAVID G. THOMPSON

Name: David G. Thompson

Title: Senior Vice President

BUYER:

TEPPCO COLORADO, LLC.

By: /s/ CHARLES H. LEONARD

Name: Charles H. Leonard

Title: Manager

Disclosure Letter
to
Asset Purchase Agreement
between
Duke Energy Field Services, Inc.
and
TEPPCO Colorado, LLC
March 31, 1998

Section 5.3(a)
To the Disclosure Letter dated March 31, 1998

1. Hart-Scott-Rodino Antitrust Improvement Act of 1976.

Section 5.3(b)
To the Disclosure Letter dated March 31, 1998

To be completed prior to Closing Date.

Section 5.4(c)
To the Disclosure Letter dated March 31, 1998

This Section 5.4(c) is Intentionally left blank.

Section 5.5(a)
To the Disclosure Letter dated March 31, 1998

1. Spindle Lease Agreement.
2. Award of Arbitration between Nordic Petroleums, Inc. (Claimant) and Natural Gas Associates, Inc, dated July 18, 1986.

SECTION 5.5(b)
To the Disclosure Letter dated March 31, 1998

WELD SYSTEM

GPA.001.K	Acelte Oil
GPA.002.K	Snyder Oil Company (was JRC)
GPA.003.K	Buck Ltd.
GPA.005.K	Sovereign Oil Co.
GPA.006.K	Cody/Nordell
GPA.007.K	Golden Buckeye (Combined w/GPA.001.L)
GPA.008.KP	MGF Oil (A1)
GPA.010.KP	Kauffman & Weinberger
GPA.013.KP	Rocky Mountain Production Co.
GPA.016.K	Great Western Oil Co., Inc.
GPA.017.K	Energy Minerals Corp.
GPA.028.K	CDM Oil & Gas
GPA.029.KP	Centennial Petroleum, Inc.
GPA.029.KP	Decalta International Corp.
GPA.032.K	Machil-Ross Petroleum
GPA.034.KPT	Noarko Resources, Inc.
GPA.035	Shepler & Thomas, Inc.
GPA.038.K	Discovery Oil, Ltd.
GPA.039.K	Blue Chip Oil, Inc.
GPA.042.K	H&C Colton Company
GPA.043.K	H&C Colton Company
GPA.044.K	Colton & Colton
GPA.045.KP	Morgan Energy Corp.
GRA.045.KP	Sunshine Valley Petroleum
GPA.049.KPT	Rex Monahan
GPA.057.K	Basin Exploration, Inc.
GPA.062.K	Martinex Corporation
GPA.064.K	Weeks Energy Minerals Corp.
GPA.066.K	Martinex Corporation
GPA.068.K	Morgan Energy
GPA.069.K	Eddy Oil Company
GPA.070.K	Universal Oil & Gas
GPA.071.K	Snyder Oil Company (was JRC)
GPA.072.K	Amoco Production Company
GPA.073.KP	HELMCO, Private & Gary-Williams
GPA.076.K	Snyder Oil Company (was Energy Oil, Inc.)
GPA.078.K	Richardson Oil
GPA.079.K	Basin Exploration
GPA.081.K	Richardson Oil
GPA.083.K	Clark Energy Corporation
GPA.094.K	Sunshine Valley Petroleum
GPA.095.K	Conquest Oil Company
GPA.096.K	Mizel Petro Resources
GPA.099.K	LycO Energy
GPA.101.K	Universal Oil & Gas, Inc.
GPA.102.KP	Kauffman & Weinberger
GPA.103.K	Rock Oil Corporation
GPA.105.K	Universal Oil & Gas
GPA.106.K	Sunshine Valley Petroleum
GPA.107.KP	Shenandoah Production Co.
GPA.108.K	Bataa Oil, Inc.
GPA.110.K	Blue Chip Oil, Inc.

WELD SYSTEM (Continued)

GPA.111.KP	Basin Exploration, Inc.
GPA.113.K	Morgan Energy Corp.
GPA.114.K	Decalta International
GPA.117.K	Bataa Oil, Inc.
GPA.119.K	Barrett Energy Co.
GPA.120.K	Mission Oil Corporation (replaces GPA.030.K)
GPA.121.K	Gerrity Drilling
GPA.123.K	Golden Buckeye (Combined with GPA.001.L)
GPA.124.K	Amoco Production Co. (Residue Gas Trans/Purchase)
GPA.125.K	Kersey Limited Pshp.
GPA.127.K	Eddy Oil Company
GPA.128.K	Lyc0 Energy
GPA.130.K	Barrett Energy Co.
GPA.132.K	Lyc0 Acquisition 1984-1
GPA.135.K	Eddy Oil Company
GPA.137.K	Energy Search & Mgmt.
GPA.138.K	The Gerrity Company, Inc.
GPA.139.K	Eagle Oil & Gas
GPA.141.K	Richardson Oil Company
GPA.142.KP	Barrett Energy Company
GPA.143.KP	The Quinoco Companies
GPA.144.K	Basin Exploration, Inc.
GPA.145.K	Elk Exploration
GPA.146.K	Bataa, Inc.
GPA.149.K	Conquest Oil Company
GPA.154.K	Bellwether Expl. Co.
GPA.156.K	Eagle Oil & Gas, Inc.
GPA.157.K	Cimmarron Oil Inc.
GPA.158.K	Misahar Investments, Inc.
GPA.160.K	High Country Resources
GPA.161.KP	Nielson Enterprises, Inc.
GPA.162.KP	Boomer-Sooner Field
GPA.163.K	Brown Investment Company
GPA.164.K	Morgan Richardson Oper.
GPA.165.K	Intermountain Oil Co.
GPA.168.K	Berthoud Gas Company
GPA.167.K	Bataa Oil, Inc.
GPA.168.K	B.E.A. Johnson, Inc.
GPA.169.K	Diamond A Corporation
GPA.170.K	Basic Earth Science Systems
GPA.175.K	Pacific Midland Prod.
GPA.176.K	Parker & Parsley
GPA.178.K	The Robert W. Gerrity Co.
GPA.179.K	Francis Energy, Inc.
GPA.180.K	Bataa Oil, Inc.
GPA.183.K	Colorado Plains Mgmt. & Invest.
GPA.185.K	Mandell-Denver Corporation
GPA.186.K	Mazuma Turnkey Contractors, Inc.
GPA.187.K	Mazuma Turnkey Contractors, Inc.
GPA.188.K	Francis Energy, Inc.
GPA.189.K	Francis Energy, Inc.
GPA.193.K	Acelte Energy Corporation
GPA.195.K	Macey & Mershon Oil Inc.
GPA.197.K	Freedom Energy, Inc.
GPA.198.KP	OmimeX Petroleum, Inc. (Renegade)
GPA.202.K	Industrial Gas Associates, Inc.
GPA.210.K	K.P. Kauffman Company, Inc.

WELD SYSTEM (Continued)

GPA.211.K	Western Gas Supply Company
GPA.212.K	Elk Exploration, Inc.
GPA.213.KP	Geo-Tech Production, Inc.
GPA.214.KP	Ominex Petroleum, Inc.
GPA.216.K	Fountainhead Resources, Ltd.
GPA.217.K	Lyco Energy Corporation
GPA.223.K	Go Pumping and Consulting, Inc.
GPA.224.K	Kloxin Energy, Inc.
GPA.227.K	The Robert Gerrity Company
GPA.228.K	The Robert Gerrity Company
GPA.229.K	Mendell-Denver Corporation
GPA.230.K	K.P. Kaufman Company, Inc.
GPA.231.K	K.P. Kaufman Company, Inc.
GPA.232.K	Basin Exploration, Inc. (Nielson acreage)
GPA.233.K	Basin Exploration, Inc. (Byron "J" Sand acreage)
GPA.235.K	The Gerrity Oil and Gas Corp.
GPA.236.K	Bataa Oil, Inc.
GPA.238.K	Greeley Gas Company
GPA.239.K	Francis Energy, Inc. (Lesser/Spomer Wells)
GPA.240.K	Francis Energy, Inc. (Plumb No. 1 Well)
GPA.241.K	Farmoil, Inc.
GPA.242.K	Unioil, Inc.
GPA.243.K	Martin Exploration Mgmt. Corp.
GPA.244.K	Mendell-Denver Corporation
GPA.246.K	Western Production Company
GPA.247.K	Timka Resources, Ltd.
GPA.248.K	Diamondback Oil Corporation
GPA.249.K	Blue Chip Oil, Inc.
GPA.250.K	Francis Energy, Inc.
GPA.251.K	Snyder Oil Company
GPA.253.K	Snyder Operating Partnership (Natural Gas Exchange Agr.)
GPA.255.K	Elk Exploration, Inc.
GPA.257.K	Morning Fresh Farms, Inc.
GPA.258.K	Western Production Company
GPA.260.K	Valley Operating, Inc.
GPA.264.K	Gerrity Oil & Gas Corporation
GPA.269.K	Richardson Operating Company
GPA.267.K	K.P. Kauffman Company, Ltd.
GPA.268.K	Habersham Energy Company
GPA.269.K	Oaks Resources Management, Inc.
GPA.270.K	Sandlin Oil Corporation
GPA.271.K	Martin Exploration Mgmt. Corp.
GPA.272.K	North American Resources
GPA.273.K	Credo Petroleum Corporation
GPA.274.K	EFTS II, Inc.
GPA.275.K	CFG Energy, Inc.
GPA.276.K	Vessels
GPA.277.K	Parker & Parsley Petroleum Co.
GPA.278.K	Cache Exploration
GPA.279.K	Basin Exploration, Inc.
GPA.280.K	Mendell Petroleum Corporation
GPA.281.K	Mineral Resources, Inc.
GPA.283.K	Basin Exploration, Inc.
GPA.284.K	Barrett Resources Corporation
GPA.285.K	Byron Oil Industries, Inc.
GPA.286.K	Markus Production, Inc.
GPA.287.K	Phil Shepardson
GPA.288.K	Freedom Energy, Inc.

GPA.289.K Basin Exploration, Inc.
 GPA.290.K Stephen B. Evans & Co., Alarado Resources Limited and Alarado Resources Corp.
 GPA.291.K Snyder Oil Corporation
 GPA.292.K Gusoil-1981, Gusoil-1982 & K.P. Kaufman Company, Inc.
 GPA.293.K Heflin Energy Corporation
 GPA.294.K Suzanne D. Bucy
 GPA.295.K HS Resources, Inc.
 GPA.296.K Blue Chip Oil, Inc.
 GPA.297.K Kaiser-Francis Oil Company
 GPA.298.K Lyco Energy Corporation
 GPA.299.K Prima Energy
 GPA.300.K Bataa Oil, Inc.
 GPA.301.K Unioil, Inc.
 GPA.303.K Basin Exploration
 GPA.304.K Bataa Oil, Inc.
 GPA.305.K Patina Oil & Gas Corporation (formerly Gerrity)
 GPA.306.K Patina Oil & Gas Corporation (formerly Gerrity)
 GPA.307.K Prima Oil & Gas Company
 GPA.308.K Matrix Energy, L.L.C.
 GPA.309.K CDM Oil & Gas
 GPA.003.E WEDCO Resources Corp.
 GPA.005.E Sentry Oil Corp.
 GPA.006.E CWI Oil and Gas
 GPA.007.E Trailblazer Oil and Gas (FILES I, II, III)
 GPA.010.E Hershey Oil
 GPA.011.E Emerald Corporation (f/k/a Petromax)
 GPA.013.E PRC Oil and Gas Company
 GPA.014.E Catamount Exploration, Inc. (Replaced GPA.069.E)
 GPA.015.E Hershey Oil Corporation
 GPA.017.E Decalta International Corp.
 GPA.020.E Frizzell Oil Company
 GPA.021.E R.A. Resource, Inc.
 GPA.023.E SHF Partnership
 GPA.024.E Bellwether Exploration Co.
 GPA.025.E HI-TEC Energy, Inc.
 GPA.026.E Frontier Oil & Gas
 GPA.027.E Snyder Oil Company
 GPA.028.E R.A. Resources, Inc.
 GPA.029.E Frizzell Oil Company
 GPA.030.E Vantage Oil, Inc.
 GPA.032.E R.A. Resources, Inc.
 GPA.034.E Vantage Oil, Inc.
 GPA.035.E Snyder Oil Company
 GPA.037.E Sunset Hill Oil Co., Inc.
 GPA.038.E Energex, Inc.
 GPA.039.E Gusher Oil & Gas Co., Inc.
 GPA.040.E Maze Expl./Golden Buckeye (Combined w/GPA.001.L)
 GPA.041.E Barrett Energy Resources
 GPA.043.E Aztec Resources Corp.
 GPA.044.E Morgan Energy Corp.
 GPA.045.E Cache Exploration
 GPA.046.E Conquest Oil
 GPA.047.E Sunshine Valley Petroleum
 GPA.049.E Blue Chip Oil Co.
 GPA.052.E Conquest Oil Co.
 GPA.053.E Sunshine Valley Petroleum Corporation
 GPA.054.E Lone Star Oil Company

WELD SYSTEM (Continued)

GPA.055.E	Sunshine Valley Corp.
GPA.059.E	Bellwether Exploration
GPA.063.E	Cowan Oil Company
GPA.064.E	Grady Oil Company
GPA.065.E	Jenex Petroleum Corp. (First City Wells)
GPA.067.E	Blue Chip Oil, Inc.
GPA.068.E	Jenex Petroleum Corporation (Metro Wells)
GPA.069.E	Nautilus Equipment, Inc. (Replaces GPA.014.E)
GPA.071.E	Energy Minerals Corporation
GPA.072.E	Elwood Oil Company
GPA.073.E	Lysander Resources
GPA.074.E	Blue Chip Oil, Inc.
GPA.076.E	Pantera Energy Corporation
GPA.078.E	Blue Chip Oil, Inc.
GPA.080.E	Brooks Exploration Inc.
GPA.081.E	Brooks Exploration Inc.
GPA.082.E	Kauffman & Weinberger, Inc.
GPA.083.E	H&R Well Service
GPA.084.E	Mendell-Denver Corporation
GPA.085.E	Francis Energy, Inc.
GPA.086.E	Rico Resources
GPA.001.BT	Meco Operating Corporation
GPA.002.BT	Reider Oil Corporation
GPA.003.BT	Discovery Oil, Ltd.
GPA.004.BT	Shepler & Thomas
GPA.005.BT	Monfort of Colorado
GPA.006.BT	Sovereign Oil Company
GPA.008.BT	Jenex Petroleum Corporation (was Petromax)
GPA.009.BT	Morning Fresh Farm
GPA.010.BT	Duke L. Phillips, Individ.
GPA.011.BT	Elmer E. & Roy Lundvall
GPA.012.BT	Rex Monahan, Individual
GPA.014.BT	Power Energy Resources
GPA.015.BT	Valley View Exploration
GPA.016.BT	Belwether Exploration Co.
GPA.019.BT	Martin Exploration Mgmt.
GPA.020.BT	R.A. Resources
GPA.024.BT	Morgan Energy Corporation
GPA.027.BT	Sunshine Valley Petroleum
GPA.028.BT	Morgan Energy Corporation
GPA.029.BT	Richardson Oil Company
GPA.030.BT	Lundvall and Associates
GPA.032.BT	Bataa Oil, Inc.
GPA.033.BT	Martinex Corporation
GPA.034.BT	Morgan Energy Corp.
GPA.035.BT	Basin Exploration
GPA.036.BT	Gerrity Drilling
GPA.037.BT	L.M.S. American Holdings
GPA.038.BT	BP-34 Limited
GPA.043.BT	The Gerrity Company, Inc.
GPA.044.BT	Mayers & Company (replaced GPA.018.BT)
GPA.046.BT	Lundvall and Associates
GPA.047.BT	R.A. Resources, Inc.
GPA.048.BT	Oxford Ltd. Partnership
GPA.049.BT	Colo. Energy Resources
GPA.051.BT	HS Resources, Inc. (Successor to Elk Exploration)
GPA.053.BT	Conquest Oil Company
GPA.054.BT	Cannon Resources, Inc.
GPA.058.BT	New London Oil

WELD SYSTEM (Continued)

GPA.059.BT	Cache Exploration, Inc.
GPA.060.BT	New London Oil, Inc.
GPA.061.BT	New London Oil, Inc.
GPA.062.BT	Eddy Oil Company
GPA.063.BT	Lundvall and Associates
GPA.001.EV	Elk Exploration, Inc. FILE I & II (Wal-Mart)
GPA.004.EV	Eddy Oil Company
GPA.005.EV	Unioil (Unioil Agreements dtd 11/24/84, combined)
GPA.006.EV	R.A. Resources, Inc.
GPA.007.EV	Barrett Energy Company
GPA.001.L	Prima Oil & Gas Company
GPA.002.L	Cache Resources/Cache Exp.
GPA.003.L	Bellwether Exploration
GPA.004.L	Sovereign Oil Company
GPA.005.L	Clark Energy Corporation
GPA.006.L	R.A. Resources, Inc.
GPA.007.L	Coors Energy Company
GPA.008.L	Unioil
GPA.009.L	Andrau Enterprises, Inc.
GPA.010.L	Greeley Gas Company
GPA.011.L	Sentry Oil Corporation
GPA.012.L	Petro Noel, Inc.
GPA.013.L	Eddy Oil
GPA.014.L	Elwood Oil Company
GPA.015.L	Vantage Oil, Inc.
GPA.016.L	Calvin Petroleum Corp.
GPA.017.L	Wichita Industries, Inc.
GPA.018.L	Andrau Enterprises, Inc.
GPA.019.L	Calvin Petroleum Corp.
GPA.020.L	Conquest Oil, Inc.
GPA.021.L	Basin Exploration, Inc.
GPA.022.L	Jason Exploration, Inc.
GPA.024.L	Pantera
GPA.025.L	Sunshine Valley
GPA.026.L	North Colorado Medical Center
GPA.027.L	University of Northern Colorado
GPA.028.L	Reider Oil
GPA.029.L	Lyco Energy
GPA.030.L	Snyder Oil Company (f/k/a Energy Oil)
GPA.031.L	Four Star Exploration
GPA.032.L	Mountain Industrial Gas
GPA.033.L	Ideal Basic Industries
GPA.034.L	H&C Colton
GPA.035.L	Thompson Valley Gas, Inc.
GPA.036.L	Cannon Resources, Inc.
GPA.037.L	Bristol Production, Inc.
GPA.038.L	Energy Minerals Corp.
GPA.039.L	Jenex Petroleum Corp.
GPA.040.L	Silverado Oil, Inc.
GPA.041.L	Eddy Oil Company
GPA.041.L	Parker & Parsley
GPA.043.L	Cannon Resources, Inc.
GPA.044.L	Eagle Oil & Gas, Inc.
GPA.045.L	New London Oil
GPA.049.L	Elwood Oil Company
GPA.050.L	Cache Exploration
GPA.051.L	Cowan Oil Company
GPA.053.L	Simmons Energy Company

WELD SYSTEM (Continued)

GPA.056.L	Jenex Petroleum Corporation
GPA.057.L	Silverado Oil, Inc.
GPA.058.L	Coors Energy Company
GPA.059.L	Cache Exploration, Inc.
GPA.060.L	Prima Exploration
GPA.003BGC	Morgan Energy Corporation
GPA.013.BGC	Howard Buehler
GPA.015.BGC	Sovereign Oil Company
GPA.016.BGC	DJ Energy, Inc.
GPA.002.FR	San Juan Consortium
GPA.001.PAN	Energy Minerals Corporation
GPA.002.PAN	Petroleum Energy Corporation
GPA.003.PAN	Aexco Petroleum, Inc.
GPA.004.PAN	Shepler & Thomas
GPA.005.PAN	Davis Oil Company
GPA.006.PAN	Polfam Exploration Company
GPA.007.PAN	Schmid Properties
GPA.008.PAN	Bellwether Exploration Company
GPA.009.PAN	Jubilee Pipeline
GPA.010.PAN	D&S Oilfield
GPA.012.PAN	Colorado Interstate Gas Company
GPA.013.PAN	Energy Minerals
GPA.014.PAN	Agland, Incorporated
GPA.015.PAN	Vessels Oil and Gas Company
GPA.016.PAN	Industrial Gas Services, Inc.
GPA.017.PAN	Industrial Gas Services, Inc.
GPA.018.PAN	Sentry Oil Corporation
GPA.019.PAN	Pipeline Corporation of Colorado
GPA.020.PAN	Sun Exploration and Production Co.
GPA.021.PAN	Classic Petroleum Corp.
GPA.022.PAN	Energy Minerals Corporation
GPA.023.PAN	Lynx Exploration Company
GPA.024.PAN	Regal Petroleum, Ltd.
GPA.025.PAN	Regal Petroleum, Ltd.
GPA.026.PAN	Petroleum Energy Corporation
GPA.027.PAN	Sunset Hill Oil Co.
GPA.028.PAN	Colorado Gathering and Processing
GPA.029.PAN	Diversified Operating Corporation
GPA.030.PAN	Cache Exploration, Inc.
GPA.031.PAN	Lysander Resources, Inc.
GPA.032.PAN	Diversified Operating Corporation
GPA.033.PAN	Jenex Petroleum Corp.
GPA.034.PAN	Pan Western 1986 Drilling Program
GPA.035.PAN	Alfred Ward & Son
GPA.037.PAN	Eagle Energy, Inc.
GPA.037.PAN	Merrion Oil & Gas Corporation
GPA.038.PAN	Bristol Production, Inc.
GPA.039.PAN	Red Wave, Ltd.
GPA.040.PAN	American Penn Energy, Inc.
GPA.041.PAN	MGF Oil Corporation
GPA.043.PAN	Fina Oil & Chemical Company
GPA.044.PAN	Energy Minerals/Merrion Oil
GPA.045.PAN	Benton Petroleum Company
GPA.046.PAN	Weldmor Limited Partnership
GPA.047.PAN	Energy Minerals Corporation
GPA.048.PAN	Walsh Production, Inc.
GPA.049.PAN	Aexco Petroleum, Inc.
GPA.050.PAN	Damson Gas Processing Corp.
GPA.053.PAN	Pan Western Energy

WELD SYSTEM (Continued)

GPA.057.PAN Randy Hrvek, Individual
 GPA.064.PAN Fina Oil and Chemical Company
 GPA.065.PAN Walsh Production, Inc.
 GPA.067.PAN Walsh Production, Inc.
 GPA.069.PAN Walsh Production, Inc.
 GPA.071.PAN Lomita Operating
 GPA.072.PAN Cache Exploration, Inc.
 GPA.074.PAN Lomita Operating Company
 GPA.075.PAN Fina Oil and Chemical Company
 GPA.076.PAN Arllan, Inc.
 GPA.078.PAN Walsh Production, Inc.
 GPA.079.PAN DeClar Oil & Gas, Inc.
 GPA.080.PAN Lander Petroleum Co.
 GPA.081.PAN Everett Frerichs Oil Properties
 GPA.082.PAN H&R Well Services, Inc.
 GPA.083.PAN Jenex Petroleum
 GPA.084.PAN Petcon Associates Ltd.
 GPA.085.PAN Diversified Operating Corporation
 GPA.086.PAN Petcon Associates Ltd.
 GPA.087.PAN OM Shree Investment Group
 GPA.088.PAN Jerry Pettyjohn d/b/a Rocket Petroleum
 GPA.089.PAN Tindal Operating Company
 GPA.090.PAN Rex Monahan
 GPA.091.PAN Diversified Operating Corporation

SPINDLE SYSTEM

GPA.001.S Basin Operating Company
 GPA.002.S Colorado Interstate Gas Company
 GPA.002.S Colorado Interstate Gas Company
 GPA.004.S North American Resources Company
 GPA.005.S Martin Oil Services, Inc. (CIG No. 681)
 GPA.006.S Martin Oil Services, Inc. (CIG No. 679)
 GPA.007.S Machil-Ross Petroleum Company (CIG No. 1047)
 GPA.008.S Energy Minerals Corporation (CIG No. 408)
 GPA.009.S Kenneth A. Ross, Jr. (CIG No. 402)
 GPA.010.S Energy Minerals Corporation (CIG No. 1079)
 GPA.011.S Ray O. Brownlle (CIG No. 539)
 GPA.012.S Energy Minerals Corporation (CIG No. 1078)
 GPA.013.S Snyder Oil Corporation (Amoco/Calvin)
 GPA.014.S Vessels Oil & Gas Company
 (Natural Gas Exchange Agreement)
 GPA.015.S North American Resources Company
 GPA.016.S Oaks Resources Management, Inc.
 GPA.017.S Meyer Oil Company
 GPA.018.S Energy Minerals Corporation
 GPA.020.S Basin Exploration
 GPA.022.S Amoco Production Company
 GPA.024.S Martin Exploration Management Co.
 GPA.025.S Heflin Energy Corporation
 GPA.026.S Crystal Oil Co.
 GPA.027.S K.P. Kaufman Company, Inc. (duplicate file B.8.15.5)
 GPA.028.S Top Operating Company
 GPA.029.S Machil-Ross Petroleum Company

ROGGEN SYSTEM

GPA.001.R Snyder Oil Corporation
 GPA.002.R Basin Exploration, Inc.
 GPA.003.R Bataa Oil

ROGGEN SYSTEM (Continued)

GPA.004.R	Bataa Oil
GPA.005.R	Churchill Energy, Inc.
GPA.006.R	Freedom Energy, Inc.
GPA.007.R	Gerrity Oil & Gas Corporation
GPA.008.R	Homestead Oil, Inc. (Prima)
GPA.009.R	HS Resources
GPA.010.R	HS Resources
GPA.011.R	Parker and Parsley Devel/Costilla
GPA.012.R	Prima Oil & Gas Company
GPA.013.R	Prima Oil & Gas Company
GPA.014.R	Prima Oil & Gas Company
GPA.015.R	Churchill Energy, Inc.
GPA.001.RP	Argonex Company
GPA.002.RP	Arlian Inc.
GPA.003.RP	Arlian Inc.
GPA.004.RP	Bolling Oil Properties Inc.
GPA.005.RP	Bolling Oil Properties Inc.
GPA.006.RP	Cascade Oil & Gas, Inc.
GPA.007.RP	Cascade Oil & Gas, Inc.
GPA.008.RP	Diversified Operating
GPA.009.RP	Diversified Operating
GPA.010.RP	Geotech Productions Inc.
GPA.011.RP	Geotech Productions Inc.
GPA.012.RP	H & R Well Service
GPA.013.RP	H & R Well Service (Robin)
GPA.014.RP	Habersham Energy
GPA.015.RP	HS Resources
GPA.016.RP	HS Resources
GPA.017.RP	HS Resources
GPA.018.RP	Jerry Pettyjohn
GPA.019.RP	KP Kaufman
GPA.020.RP	Kaiser Francis Oil Company/Welp King
GPA.021.RP	Kaiser Francis Oil Company
GPA.022.RP	Kaiser Francis Oil Company
GPA.023.RP	Larry Brandy
GPA.024.RP	Ominex Petroleum
GPA.025.RP	Overland Resources
GPA.026.RP	P & M Petroleum Management
GPA.027.RP	Pozo Resources
GPA.028.RP	Prospect Oil, Inc.
GPA.029.RP	Prospect Oil, Inc.
GPA.030.RP	RC Qualls
GPA.031.RP	Resource Technology/Rochester
GPA.032.RP	Smith Energy Corp.
GPA.033.RP	Smith Energy Corp.
GPA.034.RP	Smith Energy Corp.
GPA.035.RP	Smith Oil Properties/H & R (Robin)
GPA.036.RP	Smith Oil Properties
GPA.037.RP	Smith Oil Properties
GPA.038.RP	Southmark Acquisitions/P & P
GPA.039.RP	T.P. Operating, Inc.
GPA.040.RP	Thorofare Resources, Inc.
GPA.041.RP	Thorofare Resources, Inc.
GPA.042.RP	Thorofare Resources, Inc.
GPA.043.RP	Union Pacific Resources Co.
GPA.044.RP	DJ Production Services, Inc.
GPA.045.RP	Diversified Operating Corporation
GPA.046.RP	R.C. Qualls Operating
GPA.047.RP	T.P. Operating, Inc.

ROGGEN SYSTEM (Continued)

GPA.048.RP	Diversified Operating Corporation
GPA.049.RP	Thorofare Resources, Inc.
GPA.050.RP	Arlian, Inc.
GPA.051.RP	Arlian, Inc.
GPA.052.RP	Omimex International Corp.
GPA.053.RP	P&M Petroleum Management
GPA.054.RP	Smith Oil Properties, Inc.
GPA.055.RP	Smith Oil Properties, Inc.
GPA.056.RP	Smith Energy Corporation
GPA.057.RP	Cascade Oil & Gas, Inc.
GPA.058.RP	Larry Brandly
GPA.059.RP	G & R Oil Properties, Inc. (Smtih Energy Corp.)
GPA.060.RP	Overland Resources, Ltd.
GPA.061.RP	Sovereign Energy L.L.C.
GPA.062.RP	Kaiser-Francis Oil Company
GPA.063.RP	K.P. Kauffamn Company, Inc.
GPA.064.RP	Blue Creek, Inc.
GPA.065.RP	Argonex Company
GPA.001RW	Frank H. Walsh
GPA.002RW	Roggen/Redwave Ltd
GPA.001.RPD	Geotech Productions, Inc.
GPA.002.RPD	Termo Co.
GPA.001.REG	Freedom Energy, Inc.
GPA.002.REG	Gerrity Oil & Gas Company
GPA.003.REG	Windsor Gas Processing

Section 5.5(d)

To the Disclosure Letter dated March 31, 1998

This Section 5.5(d) is intentionally left blank.

Section 5.6

To the Disclosure Letter dated March 31, 1998

See attached.

DUKE ENERGY FIELD SERVICES
Weld County Frac / Teppco

		Gallons thru Weld/Spindle Frac -----
1993:		
31	1/93	10,280,494
28	2/93	9,810,378
31	3/93	11,903,376
30	4/93	11,400,414
31	5/93	10,241,436
30	6/93	11,278,513
31	7/93	11,331,309
31	8/93	11,952,113
30	9/93	12,955,751
31	10/93	13,335,863
30	11/93	12,159,365
31	12/93	12,841,199

365		139,490,053
1994:		
31	1/94	12,729,734
28	2/94	11,462,719
31	3/94	13,482,514
30	4/94	13,031,809
31	5/94	13,511,928
30	6/94	12,767,841
31	7/94	13,246,825
31	8/94	13,182,141
30	9/94	12,311,183
31	10/94	13,144,135
30	11/94	13,273,861
31	12/94	13,173,023

365		155,317,713
1995:		
31	1/95	12,460,977
28	2/95	11,162,928
31	3/95	12,694,270
30	4/95	12,593,754
31	5/95	12,866,513
30	6/95	11,437,069
31	7/95	11,632,921
31	8/95	11,765,828
30	9/95	11,075,157
31	10/95	11,668,519
30	11/95	11,946,479
31	12/95	12,317,301

365		143,621,716

Gallons thru
Weld/Spindle
Fracs

1996:

31	1/96	11,280,575
28	2/96	10,512,118
31	3/96	11,165,131
30	4/96	10,326,611
31	5/96	11,274,169
30	6/96	10,966,910
31	7/96	11,240,743
31	8/96	11,200,899
30	9/96	11,036,549
31	10/96	11,431,839
30	11/96	10,738,358
31	12/96	11,170,282

365		132,344,184

1997:

31	1/97	10,691,615
28	2/97	10,689,315
31	3/97	11,969,680
30	4/97	11,203,803
31	5/97	11,616,822
30	6/97	11,502,882
31	7/97	12,253,532
31	8/97	13,401,847
30	9/97	12,539,071
31	10/97	12,918,550
30	11/97	12,380,471
31	12/97	13,524,823

365		144,692,411

Section 5.7

To the Disclosure Letter dated March 31, 1998

This Section 5.7 is intentionally left blank.

Section 5.8(b)

To the Disclosure Letter dated March 31, 1998

- #1 OSHA Stipulation dated March 1998.
- #2 Pending Claim of the OCAW before the NLRB claiming unfair labor practices in connection with information requests.

Section 5.10

To the Disclosure Letter dated March 31, 1998

This Section 5.10 is intentionally left blank.

Section 5.11

To the Disclosure Letter dated March 31, 1998

This Section 5.11 is intentionally left blank.

FRACTIONATION AGREEMENT

BETWEEN

DUKE ENERGY FIELD SERVICES, INC.,

AND

TEPPCO COLORADO, LLC

MARCH 31, 1998

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FRACTIONATION AGREEMENT

THIS FRACTIONATION AGREEMENT (this "Agreement") is made and entered into this 21st day of April, 1998, but effective 11:59 p.m. (Denver, Colorado time) on the 31st day of March 1998 (the "Effective Date"), by and between Duke Energy Field Services, Inc., a Colorado corporation ("Duke Energy") and TEPPCO Colorado, LLC, a Delaware limited liability company ("TEPPCO"). Each of TEPPCO and Duke Energy are sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

- A. Duke Energy has quantities of Raw Product (as defined herein) which are available for fractionation.
- B. TEPPCO is the owner of the Fractionators (as defined herein).
- C. It is the mutual desire of Duke Energy and TEPPCO that TEPPCO receive Duke Energy's Raw Product at the Receipt Points (as defined herein) and deliver to Duke Energy, Specification Products (as defined herein) at the Delivery Points (as defined herein).
- D. Simultaneously with the execution of this Agreement, Duke Energy and TEPPCO have entered into that certain Operation and Maintenance Agreement dated of even date herewith (the "O&M Agreement"), pursuant to which Duke Energy shall operate and maintain the Fractionators in accordance with the terms thereof.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I
DEFINITIONS

1.1 Certain Defined Terms. Unless the context otherwise requires, the following terms shall have the respective meanings set forth in this Section 1.1:

- A. "Adjustment Period" shall have the meaning given such term in Section 3.4 hereof.
- B. "Affiliate" shall mean, when used with respect to a specified Person, any other Person directly controlled by or under the specified Person.

For purposes of this definition "control", when used with respect to any specified Person, means the power to direct the management and policies of the Person whether through the ownership of voting securities or by contract; and the term "controlled" have the meanings correlative to the foregoing. Notwithstanding the foregoing, the term "Affiliate" when applied to Duke Energy shall not include Duke Energy Trading & Marketing, L.L.C. ("DETM"), TEPPCO, Texas Eastern Products Pipeline Company, a Delaware corporation ("Texas Eastern"), TEPPCO Partners L.P., a Delaware limited partnership (the "Partnership") or any entities owned, directly or indirectly by the Partnership (collectively with Texas Eastern and the Partnership but excluding DETM, the "TEPPCO Entities"); and as applied to TEPPCO, shall not include Duke Energy, Duke Energy Corporation, a Delaware corporation, or any entities owned, directly or indirectly by Duke Energy Corporation other than the TEPPCO Entities.

- C. "Asset Purchase Agreement" shall mean that certain Asset Purchase Agreement dated March 31, 1998, by and between Duke Energy, as "Seller," and TEPPCO, as "Buyer".
- D. "Claims" shall have the meaning given such term in Article VIII hereof.
- E. "Compensable Amendment" shall mean an amendment or modification to a Dedicated Producer Contract that could cause a reduction in the volume of Specification Product delivered by TEPPCO to Duke Energy hereunder for which TEPPCO would have, if not for such amendment or modification, received a Fractionation Fee hereunder.
- F. "Components" shall mean the individual hydrocarbon constituents of ethane, propane, isobutane, normal butane, isopentane, normal pentane, hexanes and other heavier hydrocarbons.
- G. "Day" shall mean a period of time commencing at 8:00 a.m. (Denver, Colorado time) on a calendar day and ending at 8:00 a.m. (Denver, Colorado time) on the next succeeding calendar day.
- H. "Dedicated Assets" shall have the meaning given such term in Section 3.6 hereof.
- I. "Dedicated Gas" shall mean all natural gas that Duke Energy or any of its Affiliates now or hereafter owns or has the contractual right to

fractionate the natural gas liquids derived therefrom and which is (i) produced from the Dedicated Lands, (ii) transported through any of the Dedicated Gathering Pipelines, (iii) subject to the Dedicated Producer Contracts or (iv) processed in any of the Dedicated Plants.

- J. "Dedicated Gathering Pipelines" shall mean all present and future natural gas gathering pipelines which are now or hereafter owned or controlled, in whole or in part, by Duke Energy or any of its Affiliates and located on the Dedicated Lands.
- K. "Dedicated Lands" shall mean the lands described on the attached Exhibit A.
- L. "Dedicated Plants" shall mean all present and future natural gas processing plants which are now or hereafter owned or controlled, in whole or in part, by Duke Energy or any of its Affiliates and located on the Dedicated Lands, including, without limitation, the natural gas processing plants described on the attached Exhibit B.
- M. "Dedicated Producer Contracts" shall mean all present and future contracts under which Duke Energy or any of its Affiliates has the right to fractionate natural gas liquids derived from natural gas insofar as it is produced from any of the Dedicated Lands, including without limitation, the contracts more particularly described on the attached Exhibit C.
- N. "Delivery Points" shall mean the points identified as the Delivery Points on the drawings set forth on the attached Exhibits D-1, D-2, D- 3, D-4, E-1 and E-2, being the points at which the Specification Products are delivered from the Fractionators into Duke Energy's facilities.
- O. "Disputed Claims" shall have the meaning given such term in Section 13.1 hereof.
- P. "Duke Energy Indemnified Parties" shall have the meaning given such term in Section 12.2 hereof.
- Q. "Force Majeure" shall have the meaning given such term in Section 11.2 hereof.

- R. "Fractionation Fee" shall have the meaning given such term in Section 7.1 hereof.
- S. "Fractionators" shall mean the Greeley Fractionator and the Spindle Fractionator.
- T. "Gallon" shall mean the unit of volume used for the purpose of measurement of liquid. One U.S. liquid gallon contains 231 cubic inches when the liquid is at a temperature of sixty degrees Fahrenheit (60(degree)F) and at the equilibrium vapor pressure of the liquid being measured.
- U. "Governmental Authority" shall mean any entity of or pertaining to government, including any federal, state, local, other governmental or administrative authority, agency, court, tribunal, arbitrator, commission, board or bureau.
- V. "Greeley Fractionator" shall mean the fractionation facilities located within Area 1 and Area 2 identified in red on the attached Exhibit D and all piping connecting the equipment listed in red on the attached Exhibit D, which are located within the Greeley Plant, which fractionation facilities are used for the purpose of fractionation of Raw Product into Specification Products.
- W. "Greeley Plant" shall mean Duke Energy's Greeley Natural Gas Processing Plant located in the SW1/4 of Section 25, Township 5 North, Range 66 West, Weld County, Colorado.
- X. "Initial Period" shall mean the period of time beginning on the Effective Date through and including March 31, 2008.
- Y. "Lease" shall mean that certain Lease Agreement dated of even date herewith by and between Duke Energy, as "Lessor," and TEPPCO, as "Lessee."
- Z. "Liquidated Damages Formula" shall have the meaning given such term in Section 3.6 hereof.
- AA. "Lost Specification Products" shall mean those volumes of Specification Products that are not delivered by TEPPCO to Duke Energy hereunder because of a Compensable Amendment or a Sale of all or any part of the Dedicated Assets, as the case maybe.

- BB. "O&M Agreement" shall have the meaning given such term in the Recitals hereof.
- CC. "O&M Fee" shall have the meaning given such term in the O&M Agreement.
- DD. "Person" shall mean any individual, corporation, partnership, joint venture, association, limited liability company, joint stock company, trust, unincorporated organization, Governmental Authority or government (or agency or political subdivision thereof).
- EE. "Project Agreements" shall mean collectively, this Agreement, the Lease, the Sublease and the O&M Agreement.
- FF. "Raw Product" shall mean the mixture of Components remaining after the processing of the Dedicated Gas.
- GG. "Receipt Points" shall mean the points identified as the Receipt Points on the drawings set forth on the attached Exhibits D-1, D-3 and E-1, being the inlet of the Fractionators.
- HH. "Sale" shall have the meaning given such term in Section 3.6 hereof.
- II. "Sale Notice" shall have the meaning given such term in Section 3.6 hereof.
- JJ. "Specification Products" shall mean the Components fractionated from the Raw Product delivered to the Fractionators.
- KK. "Spindle Fractionator" shall mean the fractionation facilities identified in red on the attached Exhibit E, which are located within the Spindle Plant, which fractionation facilities are used for the purpose of fractionation of Raw Product into Specification Products.
- LL. "Spindle Plant" shall mean Duke Energy's Spindle Natural Gas Processing Plant located in the SW1/4 of Section 34, Township 2 North, Range 67 West, Weld County, Colorado.
- MM. "Sublease" shall mean that certain Sublease Agreement dated of even date herewith by and between Duke Energy, as "Sublessor," and TEPPCO, as "Sublessee."

NN "TEPPCO Indemnified Parties" shall have the meaning given such term in Article VIII hereof.

00. "Year" shall mean a period of 365 consecutive Days; provided, however that any year which contains the date of February 29 shall consist of 366 consecutive Days.

1.2 References. As used in this Agreement, unless expressly stated otherwise, references to (a) "including" mean "including, without limitation", and the words "hereof", "herein", and "hereunder", and similar words, refer to this Agreement as a whole and not to any particular Article, provision, section or paragraph of this Agreement and (b) "or" mean "either or both". Unless otherwise specified, all references in this Agreement to Sections, paragraphs, Exhibits or Schedules are deemed references to the corresponding Sections, paragraphs, Exhibits or Schedules in this Agreement.

1.3 Headings. The headings of the Sections of this Agreement and of the Schedules and Exhibits are included for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation hereof or thereof.

ARTICLE II TERM AND TERMINATION

2.1 Term. This Agreement shall be effective as of March 31, 1998 at 11:59 p.m. (Denver, Colorado time), and shall continue in effect for a primary term ending March 31, 2018 at 11:59 p.m. (Denver, Colorado time), and shall continue in effect from Year to Year thereafter; provided that either Party shall have the right to terminate this Agreement effective March 31, 2018 at 11:59 p.m. (Denver, Colorado time), or any anniversary of such date by giving the other Party at least six (6) months prior written notice.

2.2 Termination by TEPPCO. At the option of TEPPCO, the Project Agreements shall all, but not less than all, terminate upon the happening of one or more of the following events:

- A. Proceedings shall be commenced by or against Duke Energy for any relief under any bankruptcy or insolvency law, or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition, or extension; and, if such proceedings have been commenced by a Person other than Duke Energy, such proceeding shall not have been dismissed, nullified, stayed, or otherwise rendered

ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue) within ninety (90) days after such proceedings shall have been commenced.

- B. A decree or order of a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of Duke Energy or of a substantial part of Duke Energy's property, or for the winding up or liquidation of its affairs, shall have been entered, and such decree or order shall have remained in force undischarged and unstayed for a period of ninety (90) days, or any substantial part of the property of Duke Energy shall be sequestered or attached and shall not be returned to the possession of Duke Energy or released from such attachment within ninety (90) days thereafter.
- C. Duke Energy shall make a general assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due.
- D. The filing of a certificate of dissolution by Duke Energy under the laws of the state of its incorporation, or the entering of a final order dissolving Duke Energy by any court of competent jurisdiction.
- E. There is a material default (other than the payment of money) by Duke Energy under any of the Project Documents and such default remains uncured for a period of thirty (30) days after the receipt by Duke Energy from TEPPCO of written notice describing such default in reasonable detail, or if the default is such that it cannot be cured within such thirty (30) day period, Duke Energy fails to commence action within such thirty (30) day period which is calculated to cure such default and thereafter diligently pursue such action to completion.
- F. Duke Energy fails to make any payment when due under any of the Project Agreements and such failure continues for thirty (30) days after the receipt by Duke Energy from TEPPCO of written notice thereof.

2.3 Termination by Duke Energy. At the option of Duke Energy, the Project Agreements shall all, but not less than all, terminate upon the happening of the following event:

- A. TEPPCO fails to make any payment when due under any of the Project Agreements and such failure continues for thirty (30) days after the receipt by TEPPCO from Duke Energy of written notice thereof.

2.4 Payment of Liquidated Damages. Upon termination of the Project Agreements by TEPPCO pursuant to Section 2.2 hereof, (i) Duke Energy shall pay to TEPPCO within ten (10) days after any such termination, liquidated damages calculated in accordance with the Liquidated Damages Formula and (ii) TEPPCO shall convey the Fractionators to Duke Energy, free of all liens and encumbrances created by, through or under TEPPCO. The Parties agree that the actual damages to TEPPCO in the event of the breach of any of the Project Documents by Duke Energy are impractical to ascertain and the amount of the liquidated damages as determined in accordance with this Section 2.4 is a reasonable estimate thereof and TEPPCO's sole and exclusive remedy with respect thereto.

ARTICLE III
DUKE ENERGY'S RIGHTS AND OBLIGATIONS

3.1 Commitment to Process Dedicated Gas and Deliver Raw Product. Duke Energy shall cause the Dedicated Gas to be processed and all Raw Product to be delivered to TEPPCO at the Receipt Points for fractionation under the terms of this Agreement, except as excluded pursuant to Section 3.2; provided, however, if due to legitimate operational constraints or restrictions Duke Energy is unable to process certain volumes of Dedicated Gas and deliver the Raw Product derived therefrom to TEPPCO, then, provided that Duke Energy (i) notifies TEPPCO of the occurrence of such operational constraints or restrictions as soon as reasonably possible and (ii) uses commercially reasonable efforts to remove such operational constraints and/or restrictions as soon as reasonably possible, Duke Energy shall be relieved of its obligation to deliver such volumes of Raw Product to TEPPCO for fractionation hereunder to the extent, and only to the extent, that such operational constraints or restrictions exist and prevent such delivery. TEPPCO acknowledges that as of the date hereof, Duke Energy is diverting certain volumes of Dedicated Gas to Amoco's Wattenberg Natural Gas Processing Plant due to legitimate operational constraints.

3.2 Exclusions. Any volumes of Raw Product in excess of those which TEPPCO is able to physically accept for delivery and fractionate pursuant to Article IV, are excepted from Duke Energy's commitment in Section 3.1.

3.3 Delivery of Raw Product. Duke Energy shall use commercially reasonable efforts to deliver Raw Product to TEPPCO at the Receipt Points at a flow rate that the Fractionators are physically capable of handling.

3.4 No Reduction of Raw Product Volume.

(a) If Duke Energy enters into a Compensable Amendment, then Duke Energy shall keep TEPPCO whole for any loss of Specification Products attributable thereto by paying to TEPPCO, within thirty (30) days after any such loss first occurs, liquidated damages calculated in accordance with the Liquidated Damages Formula, assuming that (i) V is equal to the annual Specification Product volume (in Gallons) that would have been lost during the immediately preceding Year if such loss had occurred one Year earlier, (ii) N is equal to the Fractionation Fee that would have been paid on the Lost Specification Products attributable to such Compensable Amendment and (iii) A is equal to the contract Year in which such loss occurs; provided, however, if the cumulative effect of all losses occurring during any twelve (12) month period (an "Adjustment Period") attributable to Compensable Amendments is a reduction in the volumes of Specification Products delivered by TEPPCO to Duke Energy during the Adjustment Period by an amount in excess of twenty-five percent (25%) of the volumes of Specification Products delivered by TEPPCO to Duke Energy in the twelve (12) month period immediately preceding such Adjustment Period, then TEPPCO shall have the right, at its option, to terminate the Project Agreements and Duke Energy shall pay to TEPPCO within ten (10) days after any such termination, liquidated damages calculated in accordance with the Liquidated Damages Formula; and further provided, and except as provided in (c) below Duke Energy shall not be required to pay a Fractionation Fee to TEPPCO on Lost Specification Products on which Duke Energy had previously paid liquidated damages to TEPPCO. The Parties agree that the actual damages to TEPPCO in the event of a Compensable Amendment are impractical to ascertain and the amount of the liquidated damages as determined in accordance with this Section 3.4 is a reasonable estimate thereof and TEPPCO's sole and exclusive remedy with respect thereto.

(b) Duke covenants and agrees to deliver to TEPPCO (i) copies of all Compensable Amendments promptly after execution thereof and (ii) upon TEPPCO's request, copies of other amendments to the Dedicated Producer Contracts.

(c) If, subsequent to a loss attributable to a Compensable Amendment, the volumes of Raw Product attributable to such Compensable Amendment are later delivered by Duke Energy to TEPPCO for fractionation in the Fractionators, then Duke Energy shall pay to TEPPCO a Fractionation Fee on the amount, if any, by which (i) the actual volumes of Lost Specification Products attributable to such Compensable Amendment in each Year during the remainder of the term hereof exceeds (ii) the volumes of Lost Specification Products attributable to such Compensable Amendment on which TEPPCO was paid liquidated damages pursuant to the Liquidated Damages Formula for each such Year.

3.5 Obligation to Obtain Right to Fractionate. With respect to any future agreement that Duke Energy or any of its Affiliates enters into pertaining to natural gas that (i) is produced from the Dedicated Lands, (ii) is transported through any of the Dedicated Gathering Pipelines, (iii) becomes subject to a Dedicated Producer Contract or (iv) is processed in any of the Dedicated Plants, Duke Energy shall use commercially reasonable efforts to obtain, or cause its Affiliate to obtain, the right to process such natural gas and fractionate the natural gas liquids derived therefrom.

3.6 Sale or Conveyance of Dedicated Assets by Duke Energy. If, during the term of this Agreement, Duke Energy or any of its Affiliates desires to sell, assign, convey or otherwise transfer (a "Sale") any of their respective control, rights, titles or other interests in and to all or any part of any of this Agreement, the Dedicated Gas, Dedicated Producer Contracts, the Dedicated Gathering Pipelines and/or the Dedicated Plants (collectively, the "Dedicated Assets") then Duke Energy shall notify TEPPCO in writing of any such Sale (a "Sale Notice") and the identity of the purchaser at least sixty (60) days prior to the proposed closing of any such sale. The rights of TEPPCO with respect to any such Sale shall then be determined by the nature of such Sale as follows:

- A. If such Sale involves all or a material part of (i) the Dedicated Assets and/or (ii) Duke Energy's interest in this Agreement, upon the receipt of a Sale Notice, TEPPCO shall have the right to terminate this Agreement effective as of the closing of such Sale by delivering written notice of termination to Duke Energy within thirty (30) days after receipt of the Sale Notice. If TEPPCO elects to terminate this Agreement pursuant to the immediately preceding sentence, then Duke Energy and TEPPCO shall be relieved of all further obligations and liabilities under the Project Agreements as of the closing of the Sale, except for those obligations and liabilities that survive termination, and within ten (10) days after such termination, (i) Duke Energy shall pay to TEPPCO liquidated damages calculated in accordance with the formula set forth on the attached Exhibit F (the "Liquidated Damages Formula") and (ii) TEPPCO shall convey the Fractionators to Duke Energy, free of all liens and encumbrances created by, through or under TEPPCO. If TEPPCO fails to timely respond to a Sale Notice or responds and elects to not terminate this Agreement:
- (1) if such Sale involves an assignment of all of Duke Energy's interest in this Agreement, then, as of the closing of such Sale, Duke Energy shall be relieved of all further obligations and

liabilities under this Agreement accruing after the date of any such assignment, and

- (a) if such Sale also includes the Greeley Plant, then, as of the closing, Duke Energy shall be relieved of all further obligations and liabilities accruing after the date of assignment under (1) the Lease and (2) the O&M Agreement to the extent applicable to the Greeley Fractionator; and
 - (b) if such Sale also includes the Spindle Plant, then, as of the closing, Duke Energy shall be relieved of all further obligations and liabilities accruing after the date of assignment under (1) the Sublease and (2) the O&M Agreement to the extent applicable to the Spindle Fractionator as of the closing of the Sale; or
- (2) if such Sale does not involve an assignment of Duke Energy's interest in this Agreement, and as a result of such Sale, there are Lost Specification Products, then Duke Energy shall keep TEPPCO whole for such loss by paying to TEPPCO, within thirty (30) days after the closing of such Sale, liquidated damages calculated in accordance with the Liquidated Damages Formula, assuming that (i) V is equal to the annual Specification Product volume (in Gallons) attributable to the Dedicated Assets sold for the Year immediately preceding the date of closing of such Sale, (ii) N is equal to the Fractionation Fee that would have been paid on the Lost Specification Products attributable to such Sale and (iii) A is equal to the contract Year in which the date of closing of such Sale occurs.
- B. If such Sale does not involve a material part of the Dedicated Assets or Duke Energy's interest in this Agreement, and as a result of such Sale, there are Lost Specification Products, then Duke Energy shall keep TEPPCO whole for such loss by paying to TEPPCO, within thirty (30) days after the closing of such Sale, liquidated damages calculated in accordance with the Liquidated Damages Formula, assuming that (i) V is equal to the annual Specification Product volume (in Gallons) attributable to the Dedicated Assets sold for the Year immediately preceding the date of closing of such Sale, (ii) N is equal to the Fractionation Fee that would have been paid on the Lost Specification Products attributable to such Sale and (iii) A is equal to the contract Year in which the date of closing of such Sale occurs.

As used in this Section 3.6, the term "material" shall mean, individually or in the aggregate, any Sale or Sales of Dedicated Assets which produce, gather, transport and/or process natural gas and/or natural gas liquids which contribute more than ten percent (10%) of the Raw Product volumes as reasonably estimated at the time of the Sale. The Parties agree that the actual damages to TEPPCO in the event of a Sale are impractical to ascertain and the amount of the liquidated damages as determined in accordance with this Section 3.6 is a reasonable estimate thereof and TEPPCO's sole and exclusive remedy with respect thereto.

ARTICLE IV
TEPPCO'S RIGHTS AND OBLIGATIONS

4.1 Commitment to Fractionate. Subject to the physical capacity and capabilities of the Fractionators, TEPPCO shall accept delivery of and provide fractionation on a firm basis for (i) up to a maximum of 378,000 Gallons per Day of Raw Product delivered by Duke Energy to TEPPCO at the Receipt Point for the Greeley Fractionator and (ii) up to a maximum of 126,000 Gallons per Day of Raw Product delivered by Duke Energy to TEPPCO at the Receipt Point for the Spindle Fractionator. Volumes of Raw Product in excess of such amounts per Day will be accepted by TEPPCO for fractionation on a space available basis at the Fractionators. With respect to Lost Specification Products for which Duke Energy has previously paid liquidated damages to TEPPCO, TEPPCO will fractionate such Lost Specification Products should they again be delivered to TEPPCO but will not be obligated to pay an O&M Fee to Duke Energy pursuant to the terms of the O&M Agreement except on volumes for which a Fractionation Fee is paid pursuant to Section 3.4(c) hereof.

4.2 Delivery of Specification Products. Subject to the physical capacity and capabilities of the Fractionators and normal processing and measurement gains and losses, TEPPCO shall deliver to Duke Energy at the Delivery Points the Specification Products which Duke Energy requests to be fractionated.

4.3 Installation of Equipment, Improvements and Modifications. TEPPCO shall have the right to install additional equipment and/or make improvements or modifications to the Fractionators, provided that the same shall not unreasonably interfere with Duke Energy's operations at the Greeley Plant and/or Spindle Plant or reduce past operating efficiencies of the Fractionators.

ARTICLE V
TITLE; RISK OF LOSS

Duke Energy represents and warrants to TEPPCO that it has the right to cause to be fractionated the Raw Product delivered hereunder. Prior to delivery of the Raw Product to TEPPCO at the Receipt Points, custody and risk of loss to the Raw Product shall remain with Duke Energy. Custody and risk of loss of the Raw Product shall transfer to TEPPCO at the Receipt Points, subject to Duke Energy's right to receive Specification Products attributable thereto at the Delivery Points.

Custody and risk of loss of the Product shall transfer back to Duke Energy when the Specification Products are delivered to Duke Energy at the Delivery Points. Title to the Raw Product and the Specification Products shall remain in Duke Energy at all times. TEPPCO shall at no time take title to the Raw Product or the resulting Specification Products. TEPPCO shall not encumber or cause to be encumbered Specification Products returned to Duke Energy.

ARTICLE VI
MEASUREMENT, QUALITY AND DELIVERY PRESSURE OF RAW PRODUCT

6.1 Measurement. Volumes of Specification Products shall be measured according to one of the following procedures:

(a) By scaled weight based on GPA Standard 8186-86 (Measurement of Liquid Hydrocarbons by Truck Scales);

(b) By mass measurement based on Chapter 4 (Proving Systems), Chapter 5 (Liquid Metering) and Chapter 14.7 (Mass Measurement of Natural Gas Liquids) of the American Petroleum Institute Manual of Petroleum Measurement Standards and (ii) calculated based on Chapter 14.4 (Converting Mass of Natural Gas Liquids and Vapors to Equivalent Liquid Volumes) of the American Petroleum Institute Manual of Petroleum Measurement Standards; or

(c) Ethane (C2) shall be measured in a vapor phase by orifice measurement based on API Chapter 21 (Flow Measurement Using Electronic Metering Systems) and API Chapter 14-3 (Natural Gas Fluids Measurement, Concentric, Square-Edged Orifice Meters).

6.2 Quality. Raw Product delivered by Duke Energy to TEPPCO at the Receipt Points shall not be deleterious to the operation of, or otherwise cause damage to, the Fractionators. TEPPCO shall have the right to reject, and refuse to fractionate, any Raw Product which does not meet such standards.

6.3 Delivery Pressure. Raw Product shall be delivered by Duke Energy to TEPPCO at the Receipt Points at sufficient pressure to maintain the Raw Product in a liquid state at all times. TEPPCO shall have the right to reject, and refuse to fractionate, any Raw Product which is not in a liquid state.

6.4 Greeley Frac Measurement. Gallons of Specification Products delivered by TEPPCO at the Greeley Fractionator shall be measured and calculated as follows:

- (a) With respect to ethane recovered as a vapor, the vapors shall be measured to determine the volume measured in thousand cubic feet ("MCF") and sampled to determine the gallons per MCF ("GPM"); then the gallons are determined by

multiplying the number of MCF's contained in the vapor stream times the GPM's which are attributable to C2 (ethane) and heavier components of the vapor.

- (b) The Specification Product recovered as a liquid shall be measured as follows: the ending tankage inventory minus beginning tankage inventory plus sales of the Specification Product less the Specification Product delivered to the Greeley Fractionator from the Spindle Plant.
- (c) The formula for the foregoing calculations is set forth on the attached Exhibit H.

6.5 Spindle Frac Measurement. Gallons of Specification Products delivered by TEPPCO at the Spindle Fractionator shall be measured and calculated as follows:

- (a) With respect to ethane recovered as a vapor, the vapors shall be measured to determine the volume measured in thousand cubic feet ("MCF") and sampled to determine the gallons per MCF ("GPM"); then the gallons are determined by multiplying the number of MCF's contained in the vapor stream times the GPM's which are attributable to C2 (ethane) and heavier components of the vapor.
- (b) The Specification Product recovered as a liquid shall be measured as follows: the ending tankage inventory minus beginning tankage inventory plus sales of the Specification Product (including deliveries to the Greeley Fractionator) plus sales of Specification Product delivered to the Amoco Pipeline.
- (c) The formula for the foregoing calculations is set forth on the attached Exhibit I.

ARTICLE VII
COMPENSATION TO TEPPCO

7.1 Fractionation Fee for Initial Period. As full consideration for the fractionation services provided hereunder, Duke Energy shall pay to TEPPCO a fee (the "Fractionation Fee") for each Gallon of Specification Product delivered to Duke Energy by TEPPCO at the Delivery Points (as measured in accordance with Article VI herein) during the Initial Period as follows:

Gallons/Year Ending on Each Anniversary of the Effective Date -----	Fractionation Fee/Gallon -----
first 25 million Gallons	\$0.0825
next 25 million Gallons (25,000,001 to 50,000,000)	\$0.0725
next 25 million Gallons (50,000,001 to 75,000,000)	\$0.0675
next 25 million Gallons (75,000,001 to 100,000,000)	\$0.0600
next 35 million Gallons (100,000,001 to 135,000,000)	\$0.0000
over 135 million Gallons	\$0.0100

7.2 Fractionation Fee for Remainder of Term. As full consideration for the fractionation services provided hereunder, Duke Energy shall pay to TEPPCO a Fractionation Fee of \$0.0425 for each Gallon of Specification Product delivered to Duke Energy by TEPPCO at the Delivery Points (as measured in accordance with Article VI herein) during the period of time beginning on the day after the expiration of the Initial Period through and including the last day of the term of this Agreement.

ARTICLE VIII
TAXES AND OTHER PAYMENTS

Duke Energy shall be responsible for the payment of all royalties, overriding royalties, and other payments due or to become due on the Dedicated Gas, Raw Product and/or Specification Products. Any tax (except any future tax on the fractionation of natural gas liquids which shall be borne and paid equally by the Parties) applicable to the Dedicated Gas, the Raw Product or the Specification Products, including but not limited to, any tax applicable to stored volumes of Raw Product or Specification Products, shall be borne and paid by Duke Energy unless such tax is by law imposed upon TEPPCO, in which event, such tax shall be paid by TEPPCO and charged to and reimbursed by Duke Energy.

ARTICLE IX
ACCOUNTING PROCEDURE

9.1 Billing. Statements shall be prepared by Duke Energy and furnished to TEPPCO before the 20th day of each month for volumes of Specification Products delivered to Duke Energy at the Delivery Points (as measured in accordance with Article VI herein) during the prior month, which volumes shall serve as an estimate of the volumes of Specification Products that will be delivered to Duke Energy at the Delivery Points during such current month. Within five (5) days after TEPPCO's receipt of such statement, TEPPCO shall deliver to Duke Energy an invoice for the Fractionation Fee payable by Duke Energy to TEPPCO using the volumes of estimated Specification Products covered by such statement, as adjusted to correct for the effect of the estimate of volumes contained in the statement delivered during the immediately preceding month.

9.2 Audit Rights. In accordance with the Confidentiality Agreement of even date herewith between the Parties, each Party shall have, at its expense, the right at all times to examine the books and records of the other Party, during normal working hours, to the extent necessary to verify the accuracy of any invoice, statement, charge, computation or demand made under or pursuant to this Agreement. Each Party agrees to keep records and books of account in accordance with generally accepted accounting principles in the industry. The Parties agree that the sole and exclusive remedy and measure of damages for any improper payments under this Agreement shall be the payment of the amount of underpayment or the recovery of the amount of overpayment, as the case may be, during the two (2) year period immediately preceding the date on which a Party notifies the other Party in writing of an error, mistake, inaccuracy or other claim with respect to any such invoice, statement, charge, computation or demand.

ARTICLE X
PAYMENT AND INTEREST ON LATE PAYMENTS

10.1 Payment. Payment for all invoices delivered hereunder will be due within ten (10) days after receipt.

10.2 Interest on Late Payments. All past due payments hereunder shall bear interest from the date due until paid at a rate equal to the lesser of (a) a per annum rate equal to the prime rate of interest charged by Citibank, N.A. plus five percent (5%) or (b) the maximum non-usurious rate of interest permitted to be charged under applicable law.

ARTICLE XI
FORCE MAJEURE

11.1 Effect of Force Majeure. In the event of Duke Energy or TEPPCO being rendered unable, wholly or in part, by Force Majeure (as defined herein) to carry out its obligations under this Agreement, other than to make payments due hereunder, it is agreed that on such Party's giving notice and full particulars (including all supporting documentation) of such Force Majeure to the other Party as soon as practicable after the occurrence of the cause relied on, then the obligations of the Parties, so far as they are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused but for no longer period. The non-performing Party shall use commercially reasonable efforts to mitigate the effects of the Force Majeure and remedy its inability to perform as soon as reasonably possible.

11.2 Definition of Force Majeure. The term "Force Majeure" shall mean any circumstances beyond the reasonable control of the Party experiencing such inability to perform, whether of the kind enumerated herein or not, including but not limited to, acts of God, strikes, lockouts or industrial disputes or disturbances, civil disturbances, arrest and restraint of rulers or people, interruptions by government or court orders, necessity for compliance with any present and future valid orders of court, or any law, statute, ordinance or regulation promulgated by any

Governmental Authority having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, including inability to secure materials by reason of allocations promulgated by any authorized Governmental Authority, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, inclement weather which necessitates extraordinary measures and expense to construct facilities and/or maintain operations, explosions, partial or entire failure of gas supply, breakage or accident to machinery or lines of pipe, freezing or excessive heating of wells or pipelines, inability to obtain or delays in obtaining easements or rights-of-way, the shutting in of facilities for the making of repairs, alterations or maintenance to wells, pipelines or plants.

11.3 Exceptions to Force Majeure. Neither Party shall be entitled to the benefit of the provisions of this Article XI under either or both of the following circumstances:

- (a) To the extent that the inability to perform was caused by the Party claiming Force Majeure having failed to remedy the condition by taking all reasonable acts, short of litigation, if such remedy requires litigation, and having failed to resume performance of such commitments or obligations with reasonable dispatch; or
- (b) If the inability to perform was caused by lack of funds, or with respect to the payment of any amount or amounts then due hereunder.

11.4 Strikes and Lockouts. Settlement of strikes and lockouts shall be entirely within the discretion of the Party affected, and the duty that any event of Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the Parties directly or indirectly involved in such strikes or lockouts when such course is inadvisable in the discretion of the Party having such difficulty.

ARTICLE XII INDEMNIFICATION

Indemnification provisions pertaining to this Agreement are set forth in the O&M Agreement.

ARTICLE XIII DISPUTES

13.1 Dispute Resolution; Arbitration. In the event of any controversy or claim, whether based in contract, tort or otherwise, arising out of or relating to this Agreement or the scope, breach, termination or validity of this Agreement (a "Disputed Claim"), the Parties shall promptly seek to resolve any such Disputed Claim by negotiations between senior executives of the Parties who have authority to settle the Disputed Claim. When a Party believes there is a Disputed Claim under this Agreement, that Party will give the other Party written notice of the Disputed Claim. Within thirty (30) days after receipt of such notice, the receiving Party shall submit to the other a written response.

Both the notice and response shall include (i) a statement of each Party's position and a summary of the evidence and arguments supporting its position, and (ii) the name, title, fax number, and telephone number of the executive who will represent that Party. In the event the Disputed Claim involves a claim arising out of the actions of any Person not a signatory to this Agreement, the receiving Party shall have such additional time as necessary, not to exceed an additional thirty (30) Days, to investigate the Disputed Claim before submitting a written response. The executives shall meet at a mutually acceptable time and place within fifteen (15) days after the date of the response and thereafter as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the Disputed Claim. If one of the executives intends to be accompanied at a meeting by an attorney, the other executive shall be given at least five (5) working Days' notice of such intention and may also be accompanied by an attorney. All negotiations and communications pursuant to this Article XIII shall be treated and maintained by the Parties as confidential information and shall be treated as compromise and settlement negotiations for the purposes of the Federal and State Rules of Evidence.

13.2 Failure to Resolve Through Negotiations. If the Disputed Claim has not been resolved within sixty (60) days after the date of the response given pursuant to Section 13.1 above, or such additional time, if any, that the Parties mutually agree to in writing, or if the Party receiving such notice denies the applicability of the provisions of Section 13.1 or otherwise refuses to participate under the provisions of Section 13.1, either Party may initiate binding arbitration pursuant to the provisions of Section 13.3 below.

13.3 Arbitration. Any Disputed Claims not settled pursuant to the foregoing provisions shall be submitted to binding arbitration in accordance with the following provisions. Arbitration shall be the sole and exclusive remedy of the Parties in connection with any Disputed Claims hereunder.

- (a) The Party desiring to initiate arbitration in connection with any Disputed Claim shall send, via certified mail, written notice of demand of arbitration to the other Party and the name of the arbitrator appointed by the Party demanding arbitration together with a statement of the matter in controversy.
- (b) Within fifteen (15) days after receipt of such demand, the receiving Party shall name its arbitrator. If the receiving Party fails or refuses to name its arbitrator within such fifteen (15) day period, the second arbitrator shall be appointed, upon request of the Party demanding arbitration, by the Chief U.S. District Court Judge for the District of Colorado or such other person designated by such judge. The two arbitrators so selected shall within fifteen (15) days after their designation select a third arbitrator; provided, however, that if the two arbitrators are not able to agree on a third arbitrator within such fifteen (15) day period, either Party may request the Chief U.S. District Court Judge for the District of Colorado or such other person designated by such judge to select the third arbitrator as soon as possible. In the event the Judge declines

to appoint an arbitrator, appointment shall be made, upon application of either Party, pursuant to the Commercial Arbitration Rules of the American Arbitration Association. If any arbitrator refuses or fails to fulfill his or her duties hereunder, such arbitrator shall be replaced by the Party which selected such arbitrator (or if such arbitrator was selected by another Person, through the procedure which such arbitrator was selected) pursuant to the foregoing provisions.

- (c) Each arbitrator selected by the Parties shall be a certified public accountant or licensed attorney with at least fifteen (15) years of oil and gas experience as a certified public accountant and/or practicing attorney. The arbitrators selected by the Parties are not required to be neutral, but the third arbitrator shall be neutral and shall be a certified public accountant. If neither of the arbitrators appointed by or on behalf of the Parties is a retired judge, then the third arbitrator shall be a retired judge.
- (d) The Parties hereto hereby request and consent to the three (3) arbitrators conducting a hearing in Denver, Colorado, no later than sixty (60) days following their selection or thirty (30) days after all prehearing discovery has been completed, whichever is later, at which the Parties shall present such evidence and witnesses as they may choose, with or without counsel.
- (e) Arbitration shall be conducted in accordance with the Commercial Arbitration Rules and procedures of the American Arbitration Association.
- (f) The Federal Rules of Civil Procedure, as modified or supplemented by the local rules of civil procedure for the U.S. District Court of Colorado, shall apply in the arbitration. The Parties shall make their witnesses available in a timely manner for discovery pursuant to such rules. If a Party fails to comply with this discovery agreement within the time established by the arbitrators, after resolving any discovery disputes, the arbitrators may take such failure to comply into consideration in reaching their decision. All discovery disputes shall be resolved by the arbitrators pursuant to the procedures set forth in the Federal Rules of Civil Procedure.
- (g) Adherence to formal rules of evidence shall not be required. The arbitrators shall consider any evidence and testimony that they determine to be relevant.
- (h) The Parties hereto hereby request that the arbitrators render their decision within thirty (30) Days following conclusion of the hearing.
- (i) Any decision by a majority of the arbitration panel shall be final, binding and non-appealable. Any such decision may be filed in any court of competent jurisdiction

and may be enforced by any Party as a final judgment in such court. There shall be no grounds for appeal of any arbitration award hereunder.

- (j) The defenses of statute of limitations and laches shall be tolled from and after the date a Party gives the other Party written notice of a Disputed Claim as provided in Section 13.1 above until such time as the Disputed Claim has been resolved pursuant to Section 13.1, or an arbitration award has been entered pursuant to Section 13.3.

13.4 Recovery of Costs and Attorneys' Fees. In the event arbitration or (despite the Parties agreement to resolve the Disputed Claims through binding arbitration) litigation arising out of this Agreement is initiated by either Party, the prevailing Party, after the entry of a final non-appealable order, shall be entitled to recover from the other Party, as a part of said order, all court costs, fees and expenses of such arbitration (or litigation), including, without limitation, reasonable attorneys' fees.

13.5 Choice of Forum. If, despite the Parties' agreement to submit any Disputed Claims to binding arbitration, there are any court proceedings arising out of or relating to this Agreement or the transactions contemplated hereby, such proceedings shall be brought and tried in the federal or state courts situated in the City and County of Denver, Colorado.

13.6 Jury Waivers. THE PARTIES HEREBY WAIVE ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY.

13.7 Limitation of Damages. WHETHER OR NOT OCCASIONED BY A DEFAULT OR OTHER BREACH OF THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES, LOSS OF PROFITS, OR CONSEQUENTIAL DAMAGES EXCEPT FOR LIQUIDATED DAMAGES PAID BY DUKE ENERGY TO TEPPCO PURSUANT TO SECTION 3.6 HEREOF.

13.8 Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the Parties shall be governed by, the law of the state of Colorado, without regard to any conflict-of-laws provision thereof that would otherwise require the application of the law of any other jurisdiction.

ARTICLE XIV REPRESENTATIONS AND WARRANTIES

14.1 Representations and Warranties of Duke Energy. Duke Energy represents and warrants to TEPPCO as follows:

(a) Organization and Qualification. Duke Energy is a corporation duly organized and validly existing in good standing under the laws of the state of Colorado, is duly qualified to do business in each jurisdiction where its failure to so qualify would have a material adverse effect on

its business, operations or financial condition, and has the corporate power and authority to execute and deliver this Agreement and enter into and perform its obligations hereunder.

(b) Authority; Enforceability. The execution, delivery and performance hereof by Duke Energy have been duly authorized by all necessary corporate action on the part of Duke Energy, are not inconsistent with Duke Energy's articles of incorporation, bylaws or other similar governing documents, do not and will not contravene any law or governmental rule, regulation or order now in effect applicable to it, do not and will not contravene any provision of, or constitute a default under, or result in the creation of any lien under, any indenture, mortgage, contract or other instrument to which Duke Energy is a party or by which it is bound or any judgment, injunction, order or decree applicable to it, and do not and will not require the approval or consent of any trustee or holder of indebtedness or obligations of Duke Energy. This Agreement has been duly executed and delivered by Duke Energy. Assuming due authorization, execution and delivery hereof by TEPPCO, upon execution and delivery hereof, this Agreement will constitute the legal, valid and binding agreement of Duke Energy, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency or similar laws generally affecting the enforcement of creditors' rights and by the availability of equitable remedies.

(c) Consents. No consents or approval of, giving of notice to, registration with, or taking of any other action in respect of or by any Governmental Authority is required with respect to the execution, delivery or performance hereof by Duke Energy or, if any such approval, notice, registration or action is required, it has been duly given or obtained.

(d) Actions. There are no actions, suits or proceedings pending or, to the knowledge of Duke Energy, threatened against or affecting Duke Energy in any court or before any governmental commission, board or authority or arbitration board or tribunal which in the reasonable judgment of Duke Energy would materially adversely affect Duke Energy's financial condition or business or the transactions contemplated hereby.

(e) Dedicated Producer Contracts. The list of contracts described on the attached Exhibit C is a complete, true and correct list of all Dedicated Producer Contracts in effect as of the date hereof.

14.2 Representations and Warranties of TEPPCO. TEPPCO represents and warrants to Duke Energy as follows:

(a) Organization and Qualification. TEPPCO is a limited liability company duly organized and validly existing under the laws of the state of Delaware, is duly qualified to do business in each jurisdiction where its failure to so qualify would have a material adverse effect on its business, operations or financial condition, and has the limited liability company power and authority to execute and deliver this Agreement and enter into and perform its obligations hereunder.

(b) Authority; Enforceability. The execution, delivery and performance hereof by TEPPCO have been duly authorized by all necessary limited liability company action on the part of TEPPCO, are not inconsistent with TEPPCO's governing documents, do not and will not contravene any law or governmental rule, regulation or order now in effect applicable to it, do not and will not contravene any provision of, or constitute a default under, or result in the creation of any lien under, any indenture, mortgage, contract or other instrument to which TEPPCO is a party or by which it is bound or any judgment, injunction, order or decree applicable to it, and do not and will not require the approval or consent of any trustee or holder of indebtedness or obligations of TEPPCO. This Agreement has been duly executed and delivered by TEPPCO. Assuming due authorization, execution and delivery hereof by Duke Energy, upon execution and delivery hereof, this Agreement will constitute the legal, valid and binding agreement of TEPPCO, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency or similar laws generally affecting the enforcement of creditors' rights and by the availability of equitable remedies.

(c) Consents. No consent or approval of, giving of notice to, registration with, or taking of any other action in respect of or by any Governmental Authority is required with respect to the execution, delivery or performance hereof by TEPPCO or, if any such approval, notice, registration or action is required, it has been duly given or obtained.

(d) Actions. There are no actions, suits or proceedings pending or, to the knowledge of TEPPCO, threatened against or affecting TEPPCO in any court or before any governmental commission, board or authority or arbitration board or tribunal which in the reasonable judgment of TEPPCO would materially adversely affect TEPPCO's financial condition or business or the transactions contemplated hereby.

ARTICLE XV
GENERAL PROVISIONS

15.1 Notices. All notices, requests, demands and other communications required or permitted to be given under this Agreement shall be deemed to have been duly given if in writing and delivered personally or sent via first-class, postage prepaid, registered or certified mail (return receipt requested), or by overnight delivery service or facsimile transmission addressed as follows:

If to Duke Energy:

Duke Energy Field Services, Inc.
370 - 17th Street, Suite 900
Denver, Colorado 80202
Attention: President
Telephone: (303) 595-3331
Facsimile: (303) 893-2613

and copy to:

Duke Energy Field Services, Inc.
370 - 17th Street, Suite 900
Denver, Colorado 80202
Attention: General Counsel
Telephone: (303) 595-3331
Facsimile: (303) 893-8913

If to TEPPCO:

TEPPCO Colorado, LLC
2929 Allen Parkway, Suite 3200
Houston, Texas 77019
Attention: President
Telephone: (713) 759-3636
Facsimile: (713) 759-3957

and copy to:

Texas Eastern Products Pipeline Company
2929 Allen Parkway, Suite 3200
Houston, Texas 77019
Attention: General Counsel
Telephone: (713) 759-3968
Facsimile: (713) 759-3645

Any Party may change the address to which the communications are to be directed to it by giving notice to the other in the manner provided in this Section 15.1. Notice by mail shall be deemed to have been given and received on the third calendar day after posting. Notice by overnight delivery service, facsimile transmission or personal delivery shall be deemed given on the date of actual delivery.

15.2 Waiver. No course of dealing and no delay on the part of either Party in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such Party's rights, powers or remedies. No term or condition of this Agreement shall be deemed to have been waived nor shall there be any estoppel to enforce any provision of this Agreement except by written instrument of the Parties charged with such waiver or estoppel. The waiver of any breach of any term, condition or provision of this Agreement shall not be construed as a waiver of any prior, concurrent or subsequent breach of the same or any other term, condition or provision hereof.

15.3 Entire Agreement. The Project Agreements and any related documents between the Parties of even date herewith, including exhibits and schedules attached thereto, constitute the final and entire agreement between the Parties concerning the subject matter thereof, and supersedes all prior and contemporaneous agreements and undertakings of the Parties in connection therewith. The Project Agreements may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the Parties. There are no oral agreements between the Parties.

15.4 Successors and Assigns. Assignment provisions pertaining to this Agreement are set forth in the O&M Agreement.

15.5 Conflicts. In the event of any conflict between the provisions of this Agreement and any exhibits or schedules attached hereto, the provisions of this Agreement shall prevail.

15.6 Laws and Regulations. This Agreement and the performance hereof shall be subject to all valid and applicable federal and state laws and to the valid and applicable orders, laws, rules, and regulations of any state or federal authority having jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such order, law, rule, or regulation in any forum having jurisdiction.

15.7 Recording. Duke Energy and TEPPCO shall execute, acknowledge, deliver and record a "short form" memorandum of this Agreement in the form of the attached Exhibit G, which shall be placed of record in the counties in which the Dedicated Lands are situated. Promptly upon request by either Party at any time following the expiration or earlier termination of this Agreement, however such termination may be brought about, Duke Energy and TEPPCO shall execute and deliver to each other an instrument, in recordable form, evidencing the termination of this Agreement.

15.8 Severability. The invalidity or unenforceability of any provision of this Agreement shall in no way affect the validity or enforceability of any other provision hereof.

15.9 Time of Essence. Time is of the essence in the performance of all obligations falling due hereunder.

15.10 Captions. The headings to Articles, Sections and other subdivisions of this Agreement are inserted for convenience of reference only and will not affect the meaning or interpretation of this Agreement.

15.11 Schedules and Exhibits. All schedules and exhibits hereto which are referred to herein are hereby made a part hereof and incorporated herein by such reference.

15.12 No Partnership. The relationship between Duke Energy and TEPPCO at all times shall not be deemed a partnership or joint venture.

15.13 No Third Party Beneficiaries. Subject to the provisions of Section 15.4 hereof, this Agreement inures to the sole and exclusive benefit of Duke Energy and TEPPCO, their respective successors, legal representatives and assigns, and confers no benefit on any third party.

15.14 Mutual Cooperation; Further Assurances. Upon request by either Party from time to time during the term of this Agreement, each Party agrees to execute and deliver all such other and additional instruments, notices and other documents and do all such other acts and things as may be necessary to carry out the purposes of this Agreement and to more fully assure the Parties' rights and interests provided for hereunder. Duke Energy and TEPPCO each agree to cooperate with the other on all matters relating to required permits and regulatory compliance by either Duke Energy or TEPPCO in respect of the Fractionators so as to ensure continued full operation of the Fractionators by TEPPCO pursuant to the terms of this Agreement.

15.15 Survival. Survival provisions pertaining to this Agreement are set forth in the O&M Agreement.

15.16 Other Project Agreements. In the event of any conflict between the provisions of any of the Project Agreements with each other or with the Asset Purchase Agreement, the provisions of the O&M Agreement shall control over the inconsistent provisions of any of the other Project Documents or the Asset Purchase Agreement.

15.17 Amendments; Changes; Modifications. This Agreement may not be effectively amended, changed, modified, altered or terminated, except as provided herein, without the written consent of the Parties and such consent shall be effective only in the specific instance and for the specific purpose for which it is given.

The Parties hereto have executed this Agreement to be effective as of the day first hereinabove written.

DUKE ENERGY:

DUKE ENERGY FIELD SERVICES, INC.

By: _____
Name: _____
Title: _____

TEPPCO:

TEPPCO COLORADO, LLC

By: _____
Name: _____
Title: _____

EXHIBIT A

DEDICATED LANDS

The lands within the following townships are dedicated to the Frac Agreement

Township 9 North, Range 58 West, 6th P.M., Morgan County, Colorado;
Township 9 North, Range 59 West, 6th P.M., Morgan County, Colorado;
Township 9 North, Range 60 West, 6th P.M., Weld County, Colorado;
Township 9 North, Range 61 West, 6th P.M., Weld County, Colorado;
Township 9 North, Range 62 West, 6th P.M., Weld County, Colorado;
Township 9 North, Range 63 West, 6th P.M., Weld County, Colorado;
Township 9 North, Range 64 West, 6th P.M., Weld County, Colorado;
Township 9 North, Range 65 West, 6th P.M., Weld County, Colorado;
Township 9 North, Range 66 West, 6th P.M., Weld County, Colorado;
Township 9 North, Range 67 West, 6th P.M., Weld County, Colorado;
Township 9 North, Range 68 West, 6th P.M., Larimer County, Colorado;
Township 9 North, Range 69 West, 6th P.M., Larimer County, Colorado;
Township 8 North, Range 58 West, 6th P.M., Morgan County, Colorado;
Township 8 North, Range 59 West, 6th P.M., Morgan County, Colorado;
Township 8 North, Range 60 West, 6th P.M., Weld County, Colorado;
Township 8 North, Range 61 West, 6th P.M., Weld County, Colorado;
Township 8 North, Range 62 West, 6th P.M., Weld County, Colorado;
Township 8 North, Range 63 West, 6th P.M., Weld County, Colorado;
Township 8 North, Range 64 West, 6th P.M., Weld County, Colorado;
Township 8 North, Range 65 West, 6th P.M., Weld County, Colorado;
Township 8 North, Range 66 West, 6th P.M., Weld County, Colorado;
Township 8 North, Range 67 West, 6th P.M., Weld County, Colorado;
Township 8 North, Range 68 West, 6th P.M., Larimer County, Colorado;
Township 8 North, Range 69 West, 6th P.M., Larimer County, Colorado;
Township 7 North, Range 58 West, 6th P.M., Morgan County, Colorado;
Township 7 North, Range 59 West, 6th P.M., Morgan County, Colorado;
Township 7 North, Range 60 West, 6th P.M., Weld County, Colorado;
Township 7 North, Range 61 West, 6th P.M., Weld County, Colorado;
Township 7 North, Range 62 West, 6th P.M., Weld County, Colorado;
Township 7 North, Range 63 West, 6th P.M., Weld County, Colorado;
Township 7 North, Range 64 West, 6th P.M., Weld County, Colorado;
Township 7 North, Range 65 West, 6th P.M., Weld County, Colorado;
Township 7 North, Range 66 West, 6th P.M., Weld County, Colorado;
Township 7 North, Range 67 West, 6th P.M., Weld County, Colorado;
Township 7 North, Range 68 West, 6th P.M., Larimer County, Colorado;
Township 7 North, Range 69 West, 6th P.M., Larimer County, Colorado;

Township 1 South, Range 60 West, 6th P.M., Adams County, Colorado;
Township 2 South, Range 58 West, 6th P.M., Adams County, Colorado;
Township 2 South, Range 59 West, 6th P.M., Adams County, Colorado;
Township 2 South, Range 60 West, 6th P.M., Adams County, Colorado;
Township 2 South, Range 61 West, 6th P.M., Adams County, Colorado;
Township 2 South, Range 62 West, 6th P.M., Adams County, Colorado;
Township 2 South, Range 63 West, 6th P.M., Adams County, Colorado;
Township 2 South, Range 64 West, 6th P.M., Adams County, Colorado;
Township 3 South, Range 58 West, 6th P.M., Adams County, Colorado;
Township 3 South, Range 59 West, 6th P.M., Adams County, Colorado;
Township 3 South, Range 60 West, 6th P.M., Adams County, Colorado;
Township 3 South, Range 61 West, 6th P.M., Adams County, Colorado;
Township 3 South, Range 62 West, 6th P.M., Adams County, Colorado;
Township 3 South, Range 63 West, 6th P.M., Adams County, Colorado.

EXHIBIT B

DEDICATED PLANTS

PLANT NAME	LEGAL DESCRIPTION (ALL LOCATED WITHIN WELD COUNTY, COLORADO)
Eaton Plant	Section 34, Township 7 North, Range 66 West
Mewbourn Plant	Section 35, Township 4 North, Range 66 West
Greeley Plant	Section 25, Township 5 North, Range 66 West
Lucerne Plant	Section 28, Township 6 North, Range 65 West
Spindle Plant	Section 34, Township 2 North, Range 67 West

EXHIBIT C

DEDICATED PRODUCER CONTRACTS

WELD SYSTEM

GPA.001.K	Aceite Oil
GPA.002.K	Snyder Oil Company (was JRC)
GPA.003.K	Buck Ltd.
GPA.005.K	Sovereign Oil Co.
GPA.006.K	Cody/Nordell
GPA.007.K	Golden Buckeye (Combined w/GPA.001.L)
GPA.008.KP	MGF Oil (AI)
GPA.010.KP	Kauffman & Weinberger
GPA.013.KP	Rocky Mountain Production Co.
GPA.016.K	Great Western Oil Co., Inc.
GPA.017.K	Energy Minerals Corp.
GPA.028.K	CDM Oil & Gas
GPA.029.KP	Centennial Petroleum, Inc.
GPA.029.KP	Decalta International Corp.
GPA.032.K	Machii-Ross Petroleum
GPA.034.KPT	Noarko Resources, Inc.
GPA.035	Shepler & Thomas, Inc.
GPA.038.K	Discovery Oil, Ltd.

GPA.039.K	Blue Chip Oil, Inc.
GPA.042.K	H&C Colton Company
GPA.043.K	H&C Colton Company
GPA.044.K	Colton & Colton
GPA.045.KP	Morgan Energy Corp.
GPA.045.KP	Sunshine Valley Petroleum
GPA.049.KPT	Rex Monahan
GPA.057.K	Basin Exploration, Inc.
GPA.062.K	Martinex Corporation
GPA.064.K	Weeks Energy Minerals Corp.
GPA.066.K	Martinex Corporation
GPA.068.K	Morgan Energy
GPA.069.K	Eddy Oil Company
GPA.070.K	Universal Oil & Gas
GPA.071.K	Snyder Oil Company (was JRC)
GPA.072.K	Amoco Production Company
GPA.073.KP	HELMCO, Private & Gary-Williams
GPA.076.K	Snyder Oil Company (was Energy Oil, Inc.)
GPA.078.K	Richardson Oil
GPA.079.K	Basin Exploration
GPA.081.K	Richardson Oil

GPA.083.K	Clark Energy Corporation
GPA.094.K	Sunshine Valley Petroleum
GPA.095.K	Conquest Oil Company
GPA.096.K	Mizel Petro Resources
GPA.099.K	Lyco Energy
GPA.101.K	Universal Oil & Gas, Inc.
GPA.102.KP	Kauffman & Weinberger
GPA.103.K	Rock Oil Corporation
GPA.105.K	Universal Oil & Gas
GPA.106.K	Sunshine Valley Petroleum
GPA.107.KP	Shenandoah Production Co.
GPA.108.K	Bataa Oil, Inc.
GPA.110.K	Blue Chip Oil, Inc.
GPA.111.KP	Basin Exploration, Inc.
GPA.113.K	Morgan Energy Corp.
GPA.114.K	Decalta International
GPA.117.K	Bataa Oil, Inc.
GPA.120.K	Mission Oil Corporation (replaces GPA.030.K)
GPA.121.K	Gerrity Drilling
GPA.123.K	Golden Buckeye (Combined with GPA.001.L)
GPA.124.K	Amoco Production Co. (Residue Gas Trans/Purchase)

GPA.125.K	Kersey Limited Pshp.
GPA.127.K	Eddy Oil Company
GPA.128.K	Lyco Energy
GPA.130.K	Barrett Energy Co.
GPA.132.K	Lyco Acquisition 1984-1
GPA.135.K	Eddy Oil Company
GPA.137.K	Energy Search & Mgmt.
GPA.138.K	The Gerrity Company, Inc.
GPA.139.K	Eagle Oil & Gas
GPA.141.K	Richardson Oil Company
GPA.142.KP	Barrett Energy Company
GPA.143.KP	The Quinoco Companies
GPA.144.K	Basin Exploration, Inc.
GPA.145.K	Elk Exploration
GPA.146.K	Bataa, Inc.
GPA.149.K	Conquest Oil Company
GPA.154.K	Bellwether Expl. Co.
GPA.156.K	Eagle Oil & Gas, Inc.
GPA.157.K	Cimmarron Oil Inc.
GPA.158.K	Misahar Investments, Inc.

GPA.160.K	High Country Resources
GPA.161.KP	Nielson Enterprises, Inc.
GPA.162.KP	Boomer-Sooner Field
GPA.163.K	Brown Investment Company
GPA.164.K	Morgan Richardson Oper.
GPA.165.K	Intermountain Oil Co.
GPA.166.K	Berthoud Gas Company
GPA.167.K	Bataa Oil, Inc.
GPA.168.K	B.E.A. Johnson, Inc.
GPA.169.K	Diamond A Corporation
GPA.170.K	Basic Earth Science Systems
GPA.175.K	Pacific Midland Prod.
GPA.176.K	Parker & Parsley
GPA.178.K	The Robert W. Gerrity Co.
GPA.179.K	Francis Energy, Inc.
GPA.180.K	Bataa Oil, Inc.
GPA.183.K	Colorado Plains Mgmt. & Invest.
GPA.185.K	Mendell-Denver Corporation
GPA.186.K	Mazuma Turnkey Contractors, Inc.
GPA.187.K	Mazuma Turnkey Contractors, Inc.
GPA.188.K	Francis Energy, Inc.

GPA.189.K	Francis Energy, Inc.
GPA.193.K	Aceite Energy Corporation
GPA.195.K	Macey & Mershon Oil Inc.
GPA.197.K	Freedom Energy, Inc.
GPA.198.KP	Omimex Petroleum, Inc. (Renegade)
GPA.202.K	Industrial Gas Associates, Inc.
GPA.210.K	K.P. Kauffman Company, Inc.
GPA.211.K	Western Gas Supply Company
GPA.212.K	Elk Exploration, Inc.
GPA.213.KP	Geo-Tech Production, Inc.
GPA.214.KP	Omimex Petroleum, Inc.
GPA.216.K	Fountainhead Resources, Ltd.
GPA.217.K	Lyco Energy Corporation
GPA.223.K	Go Pumping and Consulting, Inc.
GPA.224.K	Kloxin Energy, Inc.
GPA.227.K	The Robert Gerrity Company
GPA.228.K	The Robert Gerrity Company
GPA..229.K	Mendell-Denver Corporation
GPA.230.K	K.P. Kauffman Company, Inc.
GPA.231.K	K.P. Kauffman Company, Inc.
GPA.232.K	Basin Exploration, Inc. (Nielson acreage)

GPA.233.K	Basin Exploration, Inc. (Byron "J" Sand acreage)
GPA.235.K	The Gerrity Oil and Gas Corp.
GPA.236.K	Bataa Oil, Inc.
GPA.238.K	Greeley Gas Company
GPA.239.K	Francis Energy, Inc. (Lesser/Spomer Wells)
GPA.240.K	Francis Energy, Inc. (Plumb No. 1 Well)
GPA.241.K	Farmoil, Inc.
GPA.242.K	Unioil, Inc.
GPA.243.K	Martin Exploration Mgmt. Corp.
GPA.244.K	Mendell-Denver Corporation
GPA.246.K	Western Production Company
GPA.247.K	Timka Resources, Ltd.
GPA.248.K	Diamondback Oil Corporation
GPA.249.K	Blue Chip Oil, Inc.
GPA.250.K	Francis Energy, Inc.
GPA.251.K	Snyder Oil Company
GPA.253.K	Snyder Operating Partnership (Natural Gas Exchange Agr.)
GPA.255.K	Elk Exploration, Inc.
GPA.257.K	Morning Fresh Farms, Inc.
GPA.258.K	Western Production Company

GPA.260.K	Valley Operating, Inc.
GPA.264.K	Gerrity Oil & Gas Corporation
GPA.269.K	Richardson Operating Company
GPA.267.K	K. P. Kauffman Company, Ltd.
GPA.268.K	Habersham Energy Company
GPA.269.K	Oaks Resources Management, Inc.
GPA.270.K	Sandlin Oil Corporation
GPA.271.K	Martin Exploration Mgmt. Corp.
GPA.272.K	North American Resources
GPA.273.K	Credo Petroleum Corporation
GPA.274.K	EFTS II, Inc.
GPA.275.K	CFG Energy, Inc.
GPA.276.K	Vessels
GPA.277.K	Parker & Parsley Petroleum Co.
GPA.278.K	Cache Exploration
GPA.279.K	Basin Exploration, Inc.
GPA.280.K	Mendell Petroleum Corporation
GPA.281.K	Mineral Resources, Inc.
GPA.283.K	Basin Exploration, Inc.
GPA.284.K	Barrett Resources Corporation
GPA.285.K	Byron Oil Industries, Inc.

GPA.286.K	Markus Production, Inc.
GPA.287.K	Phil Shepardson
GPA.288.K	Freedom Energy, Inc.
GPA.289.K	Basin Exploration, Inc.
GPA.290.K	Stephen B. Evans & Co., Alarado Resources Limited and Alarado Resources Corp.
GPA.291.K	Snyder Oil Corporation
GPA.292.K	Gusoil-1981, Gusoil-1982 & K.P. Kauffman Company, Inc.
GPA.293.K	Heflin Energy Corporation
GPA.294.K	Suzanne D. Bucy
GPA.295.K	HS Resources, Inc.
GPA.296.K	Blue Chip Oil, Inc.
GPA.297.K	Kaiser-Francis Oil Company
GPA.298.K	Lyco Energy Corporation
GPA.299.K	Prima Energy
GPA.300.K	Bataa Oil, Inc.
GPA.301.K	Unioil, Inc.
GPA.303.K	Basin Exploration
GPA.304.K	Bataa Oil, Inc.
GPA.305.K	Patina Oil & Gas Corporation (formerly Gerrity)

GPA.306.K	Patina Oil & Gas Corporation (formerly Gerrity)
GPA.307.K	Prima Oil & Gas Company
GPA.308.K	Matrix Energy, L.L.C.
GPA.309.K	CDM Oil & Gas
GPA.003.E	WEDCO Resources Corp.
GPA.005.E	Sentry Oil Corp.
GPA.006.E	CWI Oil and Gas
GPA.007.E	Trailblazer Oil and Gas (FILES I, II, III)
GPA.010.E	Hershey Oil
GPA.011.E	Emerald Corporation (f/k/a Petromax)
GPA.013.E	PRC Oil and Gas Company
GPA.014.E	Catamount Exploration, Inc. (Replaced GPA.069.E)
GPA.015.E	Hershey Oil Corporation
GPA.017.E	Decalta International Corp.
GPA.020.E	Frizzell Oil Company
GPA.021.E	R.A. Resources, Inc.
GPA.023.E	SHF Partnership
GPA.024.E	Bellwether Exploration Co.
GPA.025.E	HI-TEC Energy, Inc.
GPA.026.E	Frontier Oil & Gas

GPA.027.E	Snyder Oil Company
GPA.028.E	R.A. Resources, Inc.
GPA.029.E	Frizzell Oil Company
GPA.030.E	Vantage Oil, Inc.
GPA.032.E	R.A. Resources, Inc.
GPA.034.E	Vantage Oil, Inc.
GPA.035.E	Snyder Oil Company
GPA.037.E	Sunset Hill Oil Co., Inc.
GPA.038.E	Energex, Inc.
GPA.039.E	Gusher Oil & Gas Co., Inc.
GPA.040.E	Maze Expl./Golden Buckeye (Combined w/GPA.001.L)
GPA.041.E	Barrett Energy Resources
GPA.043.E	Aztec Resources Corp.
GPA.044.E	Morgan Energy Corp.
GPA.045.E	Cache Exploration, Inc.
GPA.046.E	Conquest Oil
GPA.047.E	Sunshine Valley Petroleum
GPA.049.E	Blue Chip Oil, Inc.
GPA.052.E	Conquest Oil Co.
GPA.053.E	Sunshine Valley Petroleum Corporation
GPA.054.E	Lone Star Oil Company

GPA.055.E	Sunshine Valley Corp.
GPA.059.E	Bellwether Exploration
GPA.063.E	Cowan Oil Company
GPA.064.E	Grady Oil Company
GPA.065.E	Jenex Petroleum Corp. (First City Wells)
GPA.067.E	Blue Chip Oil, Inc.
GPA.068.E	Jenex Petroleum Corporation (Metro Wells)
GPA.069.E	Nautilus Equipment, Inc. (Replaces GPA.014.E)
GPA.071.E	Energy Minerals Corporation
GPA.072.E	Elwood Oil Company
GPA.073.E	Lysander Resources
GPA.074.E	Blue Chip Oil, Inc.
GPA.076.E	Pantera Energy Corporation
GPA.078.E	Blue Chip Oil, Inc.
GPA.080.E	Brooks Exploration Inc.
GPA.081.E	Brooks Exploration Inc.
GPA.082.E	Kauffman & Weinberger, Inc.
GPA.083.E	H&R Well Service
GPA.084.E	Mendell-Denver Corporation
GPA.085.E	Francis Energy, Inc.
GPA.086.E	Rico Resources

GPA.001.BT	Meco Operating Corporation
GPA.002.BT	Reider Oil Corporation
GPA.003.BT	Discovery Oil, Ltd.
GPA.004.BT	Shepler & Thomas-
GPA.005.BT	Monfort of Colorado
GPA.006.BT	Sovereign Oil Company
GPA.008.BT	Jenex Petroleum Corporation (was Petromax)
GPA.009.BT	Morning Fresh Farm
GPA.010.BT	Duke L. Phillips, Individ.
GPA.011.BT	Elmer E. & Roy Lundvall
GPA.012.BT	Rex Monahan, Individual
GPA.014.BT	Power Energy Resources
GPA.015.BT	Valley View Exploration
GPA.016.BT	Belwether Exploration Co.
GPA.019.BT	Martin Exploration Mgmt.
GPA.020.BT	R.A. Resources
GPA.024.BT	Morgan Energy Corporation
GPA.027.BT	Sunshine Valley Petroleum
GPA.028.BT	Morgan Energy Corporation
GPA.029.BT	Richardson Oil Company
GPA.030.BT	Lundvall and Associates

GPA.032.BT	Bataa Oil, Inc.
GPA.033.BT	Martinex Corporation
GPA.034.BT	Morgan Energy Corp.
GPA.035.BT	Basin Exploration
GPA.036.BT	Gerrity Drilling
GPA.037.BT	L.M.S. American Holdings
GPA.038.BT	BP-34 Limited
GPA.043.BT	The Gerrity Company, Inc.
GPA.044.BT	Mayers & Company (replaced GPA.018.BT)
GPA.046.BT	Lundvall and Associates
GPA.047.BT	R.A. Resources, Inc.
GPA.048.BT	Oxford Ltd. Partnership
GPA.049.BT	Colo. Energy Resources
GPA.051.BT	HS Resources, Inc. (Successor to Elk Exploration)
GPA.053.BT	Conquest Oil Company
GPA.054.BT	Cannon Resources, Inc.
GPA.058.BT	New London Oil
GPA.059.BT	Cache Exploration, Inc.
GPA.060.BT	New London Oil, Inc.
GPA.061.BT	New London Oil, Inc.
GPA.062.BT	Eddy Oil Company

GPA.063.BT	Lundvall and Associates
GPA.001.EV	Elk Exploration, Inc. FILE I & II (Wal-Mart)
GPA.004.EV	Eddy Oil Company
GPA.005.EV	Unioil (Unioil Agreements dtd 11/24/84, combined)
GPA.006.EV	R.A. Resources, Inc.
GPA.007.EV	Barrett Energy Company
GPA.001.L	Prima Oil & Gas Company
GPA.002.L	Cache Resources/Cache Exp.
GPA.003.L	Bellwether Exploration
GPA.004.L	Sovereign Oil Company
GPA.005.L	Clark Energy Corporation
GPA.006.L	R.A. Resources, Inc.
GPA.007.L	Coors Energy Company
GPA.008.L	Unioil
GPA.009.L	Andrau Enterprises, Inc.
GPA.010.L	Greeley Gas Company
GPA.011.L	Sentry Oil Corporation
GPA.012.L	Petro Noel, Inc.
GPA.013.L	Eddy Oil
GPA.014.L	Elwood Oil Company

GPA.015.L	Vantage Oil, Inc.
GPA.016.L	Calvin Petroleum Corp.
GPA.017.L	Wichita Industries, Inc.
GPA.018.L	Andrau Enterprises, Inc.
GPA.019.L	Calvin Petroleum Corp.
GPA.020.L	Conquest Oil, Inc.
GPA.021.L	Basin Exploration, Inc.
GPA.022.L	Jason Exploration, Inc.
GPA.024.L	Pantera
GPA.025.L	Sunshine Valley
GPA.026.L	North Colorado Medical Center
GPA.027.L	University of Northern Colorado
GPA.028.L	Reider Oil
GPA.029.L	Lyco Energy
GPA.030.L	Snyder Oil Company (f/k/a Energy Oil)
GPA.031.L	Four Star Exploration
GPA.032.L	Mountain Industrial Gas
GPA.033.L	Ideal Basic Industries
GPA.034.L	H&C Colton
GPA.035.L	Thompson Valley Gas, Inc.
GPA.036.L	Cannon Resources, Inc.

GPA.037.L	Bristol Production, Inc.
GPA.038.L	Energy Minerals Corp.
GPA.039.L	Jenex Petroleum Corp.
GPA.040.L	Silverado Oil, Inc.
GPA.041.L	Eddy Oil Company
GPA.041.L	Parker & Parsley
GPA.043.L	Cannon Resources, Inc.
GPA.044.L	Eagle Oil & Gas, Inc.
GPA.045.L	New London Oil
GPA.049.L	Elwood Oil Company
GPA.050.L	Cache Exploration
GPA.051.L	Cowan Oil Company
GPA.053.L	Simmons Energy Company
GPA.056.L	Jenex Petroleum Corporation
GPA.057.L	Silverado Oil, Inc.
GPA.058.L	Coors Energy Company
GPA.059.L	Cache Exploration, Inc.
GPA.060.L	Prima Exploration
GPA.003BGC	Morgan Energy Corporation
GPA.013.BGC	Howard Buehler
GPA.015.BGC	Sovereign Oil Company

GPA.016.BGC	DJ Energy, Inc.
GPA.002.FR	San Juan Consortium
GPA.001.PAN	Energy Minerals Corporation
GPA.002.PAN	Petroleum Energy Corporation
GPA.003.PAN	Aexco Petroleum, Inc.
GPA.004.PAN	Shepler & Thomas
GPA.005.PAN	Davis Oil Company
GPA.006.PAN	Polfam Exploration Company
GPA.007.PAN	Schmid Properties
GPA.008.PAN	Bellwether Exploration Company
GPA.009.PAN	Jubilee Pipeline
GPA.010.PAN	D&S Oilfield
GPA.012.PAN	Colorado Interstate Gas Company
GPA.013.PAN	Energy Minerals
GPA.014.PAN	Agland, Incorporated
GPA.015.PAN	Vessels Oil and Gas Company
GPA.016.PAN	Industrial Gas Services, Inc.
GPA.017.PAN	Industrial Gas Services, Inc.
GPA.018.PAN	Sentry Oil Corporation
GPA.019.PAN	Pipeline Corporation of Colorado
GPA.020.PAN	Sun Exploration and Production Co.

GPA.021.PAN	Classic Petroleum Corp.
GPA.022.PAN	Energy Minerals Corporation
GPA.023.PAN	Lynx Exploration Company
GPA.024.PAN	Regal Petroleum, Ltd.
GPA.025.PAN	Regal Petroleum, Ltd.
GPA.026.PAN	Petroleum Energy Corporation
GPA.027.PAN	Sunset Hill Oil Co.
GPA.028.PAN	Colorado Gathering and Processing
GPA.029.PAN	Diversified Operating Corporation
GPA.030.PAN	Cache Exploration, Inc.
GPA.031.PAN	Lysander Resources, Inc.
GPA.032.PAN	Diversified Operating Corporation
GPA.033.PAN	Jenex Petroleum Corp.
GPA.034.PAN	Pan Western 1986 Drilling Program
GPA.035.PAN	Alfred Ward & Son
GPA.037.PAN	Eagle Energy, Inc.
GPA.037.PAN	Merrion Oil & Gas Corporation
GPA.038.PAN	Bristol Production, Inc.
GPA.039.PAN	Red Wave, Ltd.
GPA.040.PAN	American Penn Energy, Inc.
GPA.041.PAN	MGF Oil Corporation

GPA.043.PAN	Fina Oil & Chemical Company
GPA.044.PAN	Energy Minerals/Merrion Oil
GPA.045.PAN	Benton Petroleum Company
GPA.046.PAN	Weldmor Limited Partnership
GPA.047.PAN	Energy Minerals Corporation
GPA.048.PAN	Walsh Production, Inc.
GPA.049.PAN	Aexco Petroleum, Inc.
GPA.050.PAN	Damson Gas Processing Corp.
GPA.053.PAN	Pan Western Energy
GPA.057.PAN	Randy Hrvak, Individual
GPA.064.PAN	Fina Oil and Chemical Company
GPA.065.PAN	Walsh Production, Inc.
GPA.067.PAN	Walsh Production, Inc.
GPA.069.PAN	Walsh Production, Inc.
GPA.071.PAN	Lomita Operating
GPA.072.PAN	Cache Exploration, Inc.
GPA.074.PAN	Lomita Operating Company
GPA.075.PAN	Fina Oil and Chemical Company
GPA.076.PAN	Arlan, Inc.
GPA.078.PAN	Walsh Production, Inc.
GPA.079.PAN	DeClar Oil & Gas, Inc.

GPA.080.PAN	Lander Petroleum Co.
GPA.081.PAN	Everett Frerichs Oil Properties
GPA.082.PAN	H&R Well Services, Inc.
GPA.083.PAN	Jenex Petroleum
GPA.084.PAN	Petcon Associates Ltd.
GPA.085.PAN	Diversified Operating Corporation
GPA.086.PAN	Petcon Associates, Ltd.
GPA.087.PAN	OM Shree Investment Group
GPA.088.PAN	Jerry Pettyjohn d/b/a Rocket Petroleum
GPA.089.PAN	Tindal Operating Company
GPA.090.PAN	Rex Monahan
GPA.091.PAN	Diversified Operating Corporation

SPINDLE SYSTEM

GPA.001.S	Basin Operating Company
GPA.002.S	Colorado Interstate Gas Company
GPA.002.S	Colorado Interstate Gas Company
GPA.004.S	North American Resources Company
GPA.005.S	Martin Oil Service, Inc. (CIG No. 681)
GPA.006.S	Martin Oil Service, Inc. (CIG No. 679)
GPA.007.S	Machii-Ross Petroleum Company (CIG No. 1047)

GPA.008.S	Energy Minerals Corporation (CIG No. 408)
GPA.009.S	Kenneth A. Ross, Jr. (CIG No. 402)
GPA.010.S	Energy Minerals Corporation (CIG No. 1079)
GPA.011.S	Ray O. Brownlie (CIG No. 539)
GPA.012.S	Energy Minerals Corporation (CIG No. 1078)
GPA.013.S	Snyder Oil Corporation (Amoco/Calvin)
GPA.014.S	Vessels Oil & Gas Company (Natural Gas Exchange Agreement)
GPA.015.S	North American Resources Company
GPA.016.S	Oaks Resources Management, Inc.
GPA.017.S	Meyer Oil Company
GPA.018.S	Energy Minerals Corporation
GPA.020.S	Basin Exploration
GPA.022.S	Amoco Production Company
GPA.024.S	Martin Exploration Management Co.
GPA.025.S	Heflin Energy Corporation
GPA.026.S	Crystal Oil Co.
GPA.027.S	K.P. Kauffman Company, Inc. (duplicate file B.8.15.5)
GPA.028.S	Top Operating Company
GPA.029.S	Machii-Ross Petroleum Company

ROGGEN SYSTEM

GPA.001.R	Snyder Oil Corporation
GPA.002.R	Basin Exploration, Inc.

GPA.003.R	Bataa Oil
GPA.004.R	Bataa Oil
GPA.005.R	Churchill Energy, Inc.
GPA.006.R	Freedom Energy, Inc.
GPA.007.R	Gerrity Oil & Gas Corporation
GPA.008.R	Homestead Oil Inc. (Prima)
GPA.009.R	HS Resources
GPA.010.R	HS Resources
GPA.011.R	Parker and Parsley Devel/Costilla
GPA.012.R	Prima Oil & Gas Company
GPA.013.R	Prima Oil & Gas Company
GPA.014.R	Prima Oil & Gas Company
GPA.015.R	Churchill Energy, Inc.
GPA.001.RP	Argonex Company
GPA.002.RP	Arlian Inc.
GPA.003.RP	Arlian Inc.
GPA.004.RP	Bolling Oil Properties Inc.
GPA.005.RP	Bolling Oil Properties Inc.
GPA.006.RP	Cascade Oil & Gas, Inc.
GPA.007.RP	Cascade Oil & Gas, Inc.
GPA.008.RP	Diversified Operating
GPA.009.RP	Diversified Operating
GPA.010.RP	Geotech Productions Inc.
GPA.011.RP	Geotech Productions Inc.
GPA.012.RP	H & R Well Service
GPA.013.RP	H & R Well Service (Robin)
GPA.014.RP	Habersham Energy
GPA.015.RP	HS Resources
GPA.016.RP	HS Resources
GPA.017.RP	HS Resources
GPA.018.RP	Jerry Pettyjohn
GPA.019.RP	KP Kaufman
GPA.020.RP	Kaiser Francis Oil Company/Weip King
GPA.021.RP	Kaiser Francis Oil Company
GPA.022.RP	Kaiser Francis Oil Company
GPA.023.RP	Larry Brandly
GPA.024.RP	Omimex Petroleum
GPA.025.RP	Overland Resources
GPA.026.RP	P & M Petroleum Management
GPA.027.RP	Pozo Resources
GPA.028.RP	Prospect Oil, Inc.
GPA.029.RP	Prospect Oil, Inc.

GPA.030.RP	RC Qualls
GPA.031.RP	Resource Technology/Rochester
GPA.032.RP	Smith Energy Corp.
GPA.033.RP	Smith Energy Corp.
GPA.034.RP	Smith Energy Corp.
GPA.035.RP	Smith Oil Properties/H & R (Robin)
GPA.036.RP	Smith Oil Properties
GPA.037.RP	Smith Oil Properties
GPA.038.RP	Southmark Acquisitions/P & P
GPA.039.RP	T.P. Operating, Inc.
GPA.040.RP	Thorofare Resources, Inc.
GPA.041.RP	Thorofare Resources, Inc.
GPA.042.RP	Thorofare Resources, Inc.
GPA.043.RP	Union Pacific Resources Co.
GPA.044.RP	DJ Production Services, Inc.
GPA.045.RP	Diversified Operating Corporation
GPA.046.RP	R.C. Qualls Operating
GPA.047.RP	T.P. Operating, Inc.
GPA.048.RP	Diversified Operating Corporation
GPA.049.RP	Thorofare Resources, Inc.
GPA.050.RP	Arlian, Inc.
GPA.051.RP	Arlian, Inc.
GPA.052.RP	Omimex International Corp.
GPA.053.RP	P&M Petroleum Management
GPA.054.RP	Smith Oil Properties, Inc.
GPA.055.RP	Smith Oil Properties, Inc.
GPA.056.RP	Smith Energy Corporation
GPA.057.RP	Cascade Oil & Gas, Inc.
GPA.058.RP	Larry Brandly
GPA.059.RP	G & R Oil Properties, Inc. (Smith Energy Corp.)
GPA.060.RP	Overland Resources, Ltd.
GPA.061.RP	Sovereign Energy, L.L.C.
GPA.062.RP	Kaiser-Francis Oil Company
GPA.063.RP	K.P. Kauffman Company, Inc.
GPA.064.RP	Blue Creek, Inc.
GPA.065.RP	Argonex Company
GPA.001RW	Frank H. Walsh
GPA.002RW	Roggen/Redwave Ltd
GPA.001.RPD	Geotech Productions, Inc.
GPA.002.RPD	Termo Co.
GPA.001.REG	Freedom Energy, Inc.
GPA.002.REG	Gerrity Oil & Gas Company
GPA.003.REG	Windsor Gas Processing

EXHIBIT D

[Plot Plan of Greeley Fractionator]

EXHIBIT E

[Plot Plan of Spindle Fractionator]

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EXHIBIT F

LIQUIDATED DAMAGES FORMULA

$$\sum_{A=1}^L Y = (V \times (0.98)^{(X+1-A)}) \times N \times (1/(1.135)^{(X-A)})$$

Where:

A = The Contract Year during which termination of the Agreement occurs.

L = 20 (the last Contract Year of the Agreement).

Y = Discounted annual liquidated damages for Contract Year X.

X = The particular Contract Year for which liquidated damages are being calculated.

V = The Specification Product volume (in Gallons) delivered by TEPCO to Duke Energy during the Contract Year immediately preceding Contract Year A.

N = The Fractionation Fee in Contract Year X minus \$0.005 (in \$ per Gallon).

Contract Year = Any Year during the term of the Agreement that begins on an anniversary date of the Effective Date.

Capitalized terms used but not defined in this Exhibit F have the definitions given those terms in the Agreement.

EXHIBIT F

EXAMPLE OF LIQUIDATED DAMAGES
(FOR SECTION 3.4)

NOTE: This example assumes Total Specification Products in Year 4 of 150 MMG.

CONTRACT YEAR OF TERMINATION: 5 A LIQUIDATED DAMAGES(\$MM) 1.072
 LAST YEAR OF CONTRACT: 20 L
 CONTRACT FEE(\$/g) 0.0100
 NET FEE(\$/g): 0.0050 N =Fee in Years 1-10; Years 11-20=0.0375
 VOLUME(MM/GAL) LOST IN CONT. YFL 4 = 10 V(A-1)

CONTRACT YEAR	0	1	2	3	4	5	6	7	8	9	10
VOLUME(MM/GAL)		0	0	0	0	9.800	9.608	9.419	9.235	9.054	8.876
PROTECTED NET FEE (\$MM)		0	0	0	0	0.049	0.048	0.047	0.046	0.045	0.044
UNDISC. CASH FLOW (\$MM)		0	0	0	0	0.049	0.048	0.047	0.046	0.045	0.044
CUM. CASH FLOW (\$MM)		0	0	0	0	0.049	0.097	0.144	0.190	0.236	0.280
DISC. CASH FLOW (\$MM)		0	0	0	0	0.049	0.042	0.037	0.032	0.027	0.024
CUM. DISC. CASH FLOW (\$MM)		0	0	0	0	0.049	0.091	0.128	0.159	0.187	0.210
VALUE OF Y(X) (\$MM)		0	0	0	0	0.049	0.042	0.037	0.032	0.027	0.024

CONTRACT YEAR	11	12	13	14	15	16	17	18	19	20
VOLUME(MM/GAL)	8.702	8.531	8.364	8.200	8.039	7.882	7.727	7.576	7.427	7.282
PROTECTED NET FEE (\$MM)	0.326	0.320	0.314	0.308	0.301	0.296	0.290	0.284	0.279	0.273
UNDISC. CASH FLOW (\$MM)	0.326	0.320	0.314	0.308	0.301	0.296	0.290	0.284	0.279	0.273
CUM. CASH FLOW (\$MM)	0.606	0.926	1.240	1.547	1.849	2.144	2.434	2.718	2.997	3.270
DISC. CASH FLOW (\$MM)	0.153	0.132	0.114	0.098	0.085	0.073	0.063	0.055	0.047	0.047
CUM. DISC. CASH FLOW (\$MM)	0.363	0.495	0.609	0.707	0.792	0.865	0.929	0.984	1.031	1.072
VALUE OF Y(X) (\$MM)	0.020	0.018	0.015	0.013	0.011	0.010	0.008	0.007	0.006	0.005

EXHIBIT G

MEMORANDUM OF FRACTIONATION AGREEMENT

THIS MEMORANDUM OF FRACTIONATION AGREEMENT (this "Memorandum") is made and entered into this 21st day of April, 1998, but effective 11:59 p.m. (Denver, Colorado time) on the 31st day of March 1998 (the "Effective Date"), by and between Duke Energy Field Services, Inc., a Colorado corporation ("Duke Energy") and TEPPCO Colorado, LLC, a Delaware limited liability company ("TEPPCO"). Each of TEPPCO and Duke Energy are sometimes referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, Duke Energy and TEPPCO entered into that certain Fractionation Agreement on April 21, 1998, but effective as of the Effective Date (the "Agreement"); and

WHEREAS, any capitalized term used but not defined in this Memorandum shall have the meaning ascribed to such term in the Agreement;

WHEREAS, the Parties desire to file this Memorandum of record in the real property records of Weld County, Colorado, to give notice of the existence of the Agreement and certain provisions contained therein;

NOW THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Notice. Notice is hereby given of the existence of the Agreement and certain provisions contained therein which are summarized in Sections 2 through 5 below.

2. Certain Defined Terms. Unless the context otherwise requires, the following terms shall have the respective meanings set forth in this Section 1:

- A. "Dedicated Gas" shall mean all natural gas that Duke Energy or any of its Affiliates now or hereafter owns or has the contractual right to fractionate the natural gas liquids derived therefrom and which is (i) produced from the Dedicated Lands, (ii) transported through any of the Dedicated Gathering Pipelines, (iii) subject to the Dedicated Producer Contracts or (iv) processed in any of the Dedicated Plants.
- B. "Dedicated Gathering Pipelines" shall mean all present and future natural gas gathering pipelines which are now or hereafter owned or controlled, in whole or in part, by Duke Energy or any of its Affiliates and located on the Dedicated Lands.
- C. "Dedicated Lands" shall mean the lands described on the attached Exhibit A.

- D. "Dedicated Plants" shall mean all present and future natural gas processing plants which are now or hereafter owned or controlled, in whole or in part, by Duke Energy or any of its Affiliates and located on the Dedicated Lands, including, without limitation, the natural gas processing plants described on the attached Exhibit B.
- E. "Dedicated Producer Contracts" shall mean all present and future contracts under which Duke Energy or any of its Affiliates has the right to fractionate natural gas liquids derived from natural gas insofar as it is produced from any of the Dedicated Lands, including without limitation, the contracts more particularly described on the attached Exhibit C.
- F. "Fractionators" shall mean the Greeley Fractionator and the Spindle Fractionator.
- G. "Greeley Fractionator" shall mean the fractionation facilities owned by TEPPCO and located within Duke Energy's Greeley Natural Gas Processing Plant located in the SW1/4 of Section 25, Township 5 North, Range 66 West, Weld County, Colorado.
- H. "Spindle Fractionator" shall mean the fractionation facilities owned by TEPPCO and located within Duke Energy's Spindle Natural Gas Processing Plant located in the SW1/4 of Section 34, Township 2 North, Range 67 West, Weld County, Colorado.

3. Term. The Agreement shall be effective as of March 31, 1998 at 11:59 p.m. (Denver, Colorado time), and shall continue in effect for a primary term ending March 31, 2018 at 11:59 p.m. (Denver, Colorado time), and shall continue in effect from Year to Year thereafter; provided that either Party shall have the right to terminate the Agreement effective March 31, 2018 at 11:59 p.m. (Denver, Colorado time), or any anniversary of such date by giving the other Party at least six (6) months prior written notice.

4. Commitment to Process Dedicated Gas and Deliver Raw Product. Subject to the terms and conditions of the Agreement, Duke Energy shall cause the Dedicated Gas to be processed and all Raw Product to be delivered to TEPPCO at the Receipt Points for fractionation under the terms of the Agreement.

5. Commitment to Fractionate. Subject to the payment of the Fractionation Fee by Duke Energy to TEPPCO, the other terms and conditions of the Agreement and the physical capacity and capabilities of the Fractionators, TEPPCO shall accept delivery of and provide fractionation on a firm basis for (i) up to a maximum of 378,000 Gallons per Day of Raw Product delivered by Duke Energy to TEPPCO at the Receipt Point for the Greeley Fractionator and (ii) up to a maximum of 126,000 Gallons per Day of Raw Product delivered by Duke Energy to TEPPCO at the Receipt Point for the Spindle Fractionator.

6. No Amendment to Agreement. This Memorandum is executed and recorded solely for the purpose of giving notice and shall not amend nor modify the Agreement in any way.

7. Further Information. Further information concerning the Agreement is available from either (i) Duke Energy Field Services, Inc., 370 Seventeenth Street, Suite 900, Denver, Colorado 80202 or (ii) TEPPCO Colorado, LLC, 2929 Allen Parkway, Suite 3200, Houston, Texas 77019.

The Parties hereto have executed this Memorandum to be effective as of the day first hereinabove written.

DUKE ENERGY:

DUKE ENERGY FIELD SERVICES, INC.

By:

Name:

Title:

TEPPCO:

TEPPCO COLORADO, LLC

By:

Name:

Title:

STATE OF TEXAS)
)
COUNTY OF HARRIS)

Before me, , a Notary Public in and for the State of Texas, on this _____ day of April, 1998, personally appeared , known to me to be the of Duke Energy Field Services, Inc., a Colorado corporation, on behalf of said corporation and acknowledged to me that he executed this Memorandum for the considerations and purposes therein set forth.

Given under my hand and seal of office this _____ day of April, 1998.

Notary Public in and for the State of Texas

Printed or Typed Name of Notary

My Commission Expires:

STATE OF TEXAS)
)
COUNTY OF HARRIS)

Before me, _____, a Notary Public in and for the State of Texas, on this _____ day of April, 1998, personally appeared _____, known to me to be the _____ of TEPPCO Colorado, LLC, a Delaware limited liability company, on behalf of said limited liability company and acknowledged to me that he executed this Memorandum for the considerations and purposes therein set forth.

Given under my hand and seal of office this _____ day of April, 1998.

Notary Public in and for the State of Texas

Printed or Typed Name of Notary

My Commission Expires:

EXHIBIT H

ATTACHED TO AND MADE PART OF THAT CERTAIN FRACTIONATION AGREEMENT DATED APRIL 21, 1998 BETWEEN TEPPCO COLORADO LLC AND DUKE ENERGY FIELD SERVICES, INC.

Components Used For Calculating Delivered Specification Product at Greeley Fractionator:

- A - Vaporized ethane in mcf delivered through an orifice meter to the Greeley Gas Plant residue gas stream
- B - GPM of ethane and heavier components, as determined by samples obtained from the vaporized ethane stream delivered during the month
- C - Ending Specification Product inventory stored in the tankage at the Greeley Plant, as determined by a month-end gauging of the tanks
- D - Beginning Specification Product inventory stored in the tankage at the Greeley Plant, as determined by a month-end gauging of the tanks conducted during the prior month
- E - Specification Product sales for the month which have been measured using the certified scales at the Greeley Plant
- F - Specification Product delivered to the Greeley Fractionator from the Spindle Fractionator, as measured using the certified scales at the Greeley Plant

EXAMPLE OF MONTHLY TOTAL PRODUCTION REPORT TO BE PROVIDED:

Total Fractionator Production:

BEGINNING INVENTORY:	Y-Grade	C2	C3	IC4	NC4	IC5	NC5
Greeley Frac	176,100		163,800	32,313	65,487	15,890	15,034
Spindle Frac	67,414		31,000	6,322	12,406	3,822	3,454
		0	194,800	38,635	77,893	19,712	18,488
PRODUCTION:							
Eaton Plant(Tkd In)		341,024	427,593	88,979	194,608	47,159	50,563
Lucerne Plant(Tkd In)		324,183	431,577	99,015	207,411	57,944	58,402
Mewbourne "A"		566,798	722,833	184,385	325,072	121,716	99,334
Mewbourne "B"		640,911	1,004,335	186,752	354,781	87,375	74,173
Spindle Plant		1,532,445	1,201,601	215,722	415,605	120,770	107,558
Greeley		752,173	623,881	159,017	385,978	148,873	129,945
Production Gallons:	4,157,534	4,411,820	4,411,820	933,870	1,883,455	583,837	519,975
OTHER SOURCES:							
Stabilizer - Liquids to Ygrade		7,062	53,080	42,715	122,108	87,139	103,769
Walsh Lilli Plant		0	0	0	0	0	0
KN Silo		3,102	6,469	1,706	4,387	1,052	1,303
Bear Paw		0	0	0	0	0	0
Roggen B/G		0	0	0	0	0	0
TOTAL RECEIPT:	4,167,698	4,471,369	4,471,369	978,291	2,009,950	672,028	625,047
TOTAL DELIVERIES & SALES:							
Cogen/CIG/WestGas	4,150,992						
Sales - Sold Locally(Greeley)	2,525,705				643,417	611,504	589,737
Sales - Sold Locally(Isopentane)						0	0
Exchanges			1,626,790				
Greeley Heat			1,918				
Refrigeration			8,380				
Propane for Trucks		27,946					
Conway Sales - Gre/Spindle(Amoco)	12,105		207,408	18,695	36,683	13,145	12,004
Roggen Storage	0		123,420	0	0	0	0
Frontier - (Butane Mix)	2,431		15,183	518,699	1,057,753	8,210	883
Coastal - (Butane Mix)	1,633		10,515	350,049	711,000	5,864	644
Centennial - (Butane Mix)	40		108	6,285	12,260	180	25
Ultramar Diamond Shamrock - (Butane Mix)	497		3,196	105,638	214,164	1,694	184
Frontier/Coastal - (Butane Mix)	0		0	0	0	0	0
	4,167,698	4,550,569	4,550,569	999,366	2,031,860	672,510	625,244
ENDING INVENTORY:							
Greeley Frac		201,900	83,100	14,846	50,554	17,579	16,708
Spindle Frac		56,651	32,500	2,714	5,429	1,651	1,583
			115,600	17,560	55,983	19,230	18,290

BEGINNING INVENTORY:	C6+	Total
Greeley Frac	14,076	306,600
Spindle Frac	2,996	60,000
	17,072	366,600

PRODUCTION:		
Eaton Plant(Tkd In)	47,519	1,197,445
Lucerne Plant(Tkd In)	52,727	1,231,259
Mewbourne "A"	100,613	2,120,751
Mewbourne "B"	47,528	2,395,855
Spindle Plant	80,594	3,674,294
Greeley	116,554	2,316,421
	-----	-----
Production Gallons:	445,535	12,936,025
OTHER SOURCES:		
Stabilizer - Liquids to Ygrade	153,432	569,305
Walsh Lilli Plant	0	0
KN Silo	1,474	19,493
Bear Paw	0	0
Roggen B/G	0	0
	-----	-----
TOTAL RECEIPT:	600,441	13,524,823
TOTAL DELIVERIES & SALES:		
Cogen/CIG/WestGas		4,150,992
Sales - Sold Locally(Greeley)	4,370,364	
Sales - Sold Locally(Isopentane)	0	0
Exchanges		1,626,790
Greeley Heat		1,918
Refrigeration		8,380
Propane for Trucks	27,946	
Conway Sales - Gre/Spindle(Amoco)	10,478	310,518
Roggen Storage	0	123,420
Frontier - (Butane Mix)	33	1,603,192
Coastal - (Butane Mix)	25	1,079,730
Centennial - (Butane Mix)	0	18,898
Ultramar Diamond Shamrock - (Butane Mix)	4	325,377
Frontier/Coastal - (Butane Mix)	0	0
	-----	-----
	600,277	13,647,525
ENDING INVENTORY:		
Greeley Frac	16,113	198,899
Spindle Frac	1,123	44,999
	-----	-----
	17,235	243,898

EXHIBIT I

ATTACHED TO AND MADE PART OF THAT CERTAIN FRACTIONATION AGREEMENT DATED APRIL 21, 1998 BETWEEN TEPPCO COLORADO LLC AND DUKE ENERGY FIELD SERVICES, INC.

Components Used For Calculating Delivered Specification Product at Spindle Fractionator:

- A - Vaporized ethane in mcf delivered through an orifice meter to the Spindle Gas Plant residue gas stream
- B - GPM of ethane and heavier components, as determined by samples obtained from the vaporized ethane stream delivered during the month
- C - Ending Specification Product inventory stored in the tankage at the Spindle Plant, as determined by a month-end gauging of the tanks
- D - Beginning Specification Product inventory stored in the tankage at the Spindle Plant, as determined by a month-end gauging of the tanks conducted during the prior month
- E - Specification Product sales for the month which have been measured using the certified scales at the Spindle Plant
- F - Specification Product delivered to the Greeley Fractionator, as measured using the certified scales at the Greeley Plant
- G - Specification Product delivered to the Amoco Products Pipeline for the month, as measured by Amoco Products Pipeline

MONTHLY DETAIL TO BE PROVIDED:

Spindle allocated gallons to producers:

	C2	C3	IC4	NC4	IC5	NC5	C6+	Total
	-----	-----	-----	-----	-----	-----	-----	-----
Propane trucked out to customers	15,655	936,400	4,735	5,895	1,353	1,353	966	966,357
BG trucked to North Fractionator	3,417	39,519	208,630	405,854	118,320	105,225	78,854	959,819
Product sent down APL	2,788	166,779	843	1,050	241	241	172	172,115
B/G sent down APL	921	29,868	4,951	9,597	2,846	2,504	1,926	52,613
Plant Refrigeration	136	8,120	41	51	12	12	8	8,380
Vehicle Usage	180	10,789	55	68	16	16	11	11,134
Storage @ Spindle Plant								
C3 Beginning	31,000							
Ending	32,500							
	1,500	24	1,454	7	9	2	2	1,500
BG Beginning	29,000							
Ending	12,500							
	(16,500)	(59)	(679)	(3,587)	(2,034)	(1,809)	(1,356)	(16,501)
Storage @ Amoco Unloading								
C3 Beginning	16,802							
Ending	26,451							
	9,649	156	9,350	47	59	14	14	9,649
	23,218	1,201,601	215,722	415,605	120,770	107,558	80,594	2,165,066
STABILIZER	0	0	0	0	0	0		
ETHANE	1,509,227							1,509,227
Total Spindle Production (included on Total schedule @ Greeley)	1,532,445	1,201,601	215,722	415,605	120,770	107,558	80,594	3,674,293

=====

LEASE AGREEMENT

BETWEEN

DUKE ENERGY FIELD SERVICES, INC.,
AS LESSOR

AND

TEPPCO COLORADO, LLC,
AS LESSEE

MARCH 31, 1998

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made and entered into this 21st day of April, 1998, but effective 11:59 p.m. (Denver, Colorado time) on the 31st day of March, 1998, between Duke Energy Field Services, Inc., a Colorado corporation (herein called "Duke Energy") and TEPPCO Colorado LLC, a Delaware limited liability company (herein called "TEPPCO"). Each of TEPPCO and Duke Energy are sometimes referred to individually as a "Party" and collectively as the "Parties."

W I T N E S S E T H:

WHEREAS, Duke Energy owns the Premises (hereinafter defined); and

WHEREAS, Duke Energy desires to lease the Premises to TEPPCO, and TEPPCO desires to lease the Premises from Duke Energy upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and of the mutual agreements hereinafter set forth, Duke Energy and TEPPCO covenant and agree as follows:

ARTICLE I
DEFINITIONS AND CONSTRUCTION

1.1 Certain Defined Terms. Unless the context otherwise requires, the following terms shall have the respective meanings set forth in this Section 1.1:

"Day" shall mean a period of time commencing at 8:00 a.m. (Denver, Colorado time) on a calendar day and ending at 8:00 a.m. (Denver, Colorado time) on the next succeeding calendar day.

"Frac Agreement" means that certain Fractionation Agreement dated of even date herewith by and between Duke Energy and TEPPCO.

"Fractionation Plant" means TEPPCO's fractionation plant located on the Premises.

"Governmental Authority" means any entity of or pertaining to government, including any federal, state, local, other governmental or administrative authority, agency, court, tribunal, arbitrator, commission, board or bureau.

"O&M Agreement" means that certain Operation and Maintenance Agreement dated of even date herewith by and between Duke Energy and TEPPCO.

"Permitted Encumbrances" shall have the meaning ascribed to such term in Section 6.1.

"Premises" means that certain tract or parcel of land located in Weld County, Colorado, more particularly described on Exhibit A attached hereto and made a part hereof for all purposes.

"Project Agreements" shall mean collectively, this Lease, the O&M Agreement, the Frac Agreement and the Sublease.

"Purchase Agreement" shall mean that certain Asset Purchase Agreement dated March 31, 1998, by and between Duke Energy, as "Seller," and TEPPCO, as "Buyer".

"Rent" shall have the meaning ascribed to such term in Section 3.1.

"Sublease" means that certain Sublease Agreement dated of even date herewith by and between Duke Energy and TEPPCO.

"Year" shall mean a period of 365 consecutive Days; provided, however that any year which contains the date of February 29 shall consist of 366 consecutive Days.

1.2 References. As used in this Lease, unless expressly stated otherwise, references to (a) "including" mean "including, without limitation", and the words "hereof", "herein", and "hereunder", and similar words, refer to this Lease as a whole and not to any particular Article, provision, section or paragraph of this Lease and (b) "or" mean "either or both". Unless otherwise specified, all references in this Lease to Sections, paragraphs, Exhibits or Schedules are deemed references to the corresponding Sections, paragraphs, Exhibits or Schedules in this Lease.

1.3 Headings. The headings of the Sections of this Lease and of the Schedules and Exhibits are included for convenience only and shall not be deemed to constitute part of this Lease or to affect the construction or interpretation hereof or thereof.

ARTICLE II DEMISE OF PREMISES AND TERM

2.1 Demise of Premises and Term. In consideration of the rents, covenants, and agreements set forth herein and subject to the terms and conditions hereof, Duke Energy hereby leases to TEPPCO and TEPPCO hereby leases from Duke Energy, the Premises for a term commencing on March 31, 1998 at 11:59 p.m. (Denver, Colorado time) and, unless terminated in accordance with Article II of the Frac Agreement, continue in effect for a primary term ending March 31, 2018 at 11:59 p.m. (Denver, Colorado time), and shall continue in effect from Year to Year thereafter; provided that either Party shall have the right to terminate this Lease effective March 31, 2018 at 11:59 p.m. or any anniversary of such date by giving the other Party at least six (6) months prior written notice.

ARTICLE III
RENT

3.1 Rent. As rental for the Premises during the term of this Lease, TEPPCO agrees to pay to Duke Energy for each month of the term of this Lease One Thousand and 00/100 (\$1,000.00) (the "Rent") on or before the first (1st) day of each month of the term of this Lease. Rent shall be prorated for any partial month during the term of this Lease.

3.2 Place of Payment. All Rent shall be payable in lawful money of the United States of America, at Duke Energy's address set forth in Section 8.4 herein.

ARTICLE IV
CONDUCT OF BUSINESS

4.1 Use of Premises. TEPPCO shall have the right to use the Premises for the purpose of fractionating natural gas liquids.

4.2 Surrender of Premises. TEPPCO shall at the expiration of the term of this Lease, or at any earlier termination of this Lease, surrender the Premises to Duke Energy in as good condition as it received the same; provided, however, TEPPCO shall deliver written notice to Duke Energy prior to termination of the Lease if TEPPCO will remove the Fractionation Plant and any other alterations, additions, improvements or other changes to the Premises made by TEPPCO during the term of this Lease; provided that TEPPCO shall have the right to, and must remove, the Fractionation Plant, if at all, within one (1) year after termination of this Lease, but no earlier than one (1) year after delivery of written notice as provided above. If TEPPCO fails to deliver notice as provided in the preceding sentence, TEPPCO shall surrender the Fractionation Plant and any such alterations, additions, improvements or other changes to Duke Energy upon termination of this Lease.

ARTICLE V
TAXES, ASSESSMENTS

5.1 Duke Energy's Obligation to Pay. Duke Energy shall pay during the term of this Lease, all federal, state and local real and personal property ad valorem taxes, assessments, and other governmental charges, general and special, ordinary and extraordinary, including but not limited to assessments for public improvements or benefits assessed against the Premises, or improvements situated thereon, including, without limitation, the Fractionation Plant, that are payable to any lawful authority assessed against or with respect to the Premises or the use or operation thereof, including, but not limited to, any federal, state or local income, gross receipts, withholding, franchise, excise, sales, use, value added, recording, transfer or stamp tax, levy, duty, charge or withholding of any kind imposed or assessed by any federal, state or local government, agency or authority, together with any addition to tax, penalty, fine or interest thereon, other than state or U.S. federal income tax imposed upon the taxable income of TEPPCO and any franchise taxes imposed upon TEPPCO (such taxes and assessments being hereinafter called "Taxes"). In the event Duke Energy fails to pay such Taxes prior to the time the same become delinquent, TEPPCO may pay the same and (provided

TEPPCO shall have delivered to Duke Energy evidence of such payment) deduct the amount of such payment from the Rent owed hereunder.

5.2 Manner of Payment. Duke Energy shall pay all Taxes directly to the applicable taxing authority prior to delinquency and shall promptly thereafter provide TEPPCO with evidence of such payment. The certificate issued or given by the appropriate officials authorized or designated by law to issue or give the same or to receive payment of such Taxes shall be prima facie evidence of the existence, payment, nonpayment and amount of such Taxes. Duke Energy, if Duke Energy shall so desire, may contest the validity or amount of any such Taxes, at Duke Energy's sole cost and expense, by appropriate proceedings, diligently conducted in good faith. Duke Energy may defer payment of such Taxes during the pendency of such contest, provided that nothing herein contained shall be construed to allow such Taxes to remain unpaid for such length of time as shall permit the Premises, or any part thereof, to be sold by any Governmental Authority or a lien with respect thereto foreclosed for the nonpayment of the same.

ARTICLE VI REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of Duke Energy. Duke Energy represents and warrants to TEPPCO that Duke Energy has good and marketable title to the Premises subject only to: (a) liens for current taxes and assessments not yet due or which Duke Energy is contesting in good faith, (b) inchoate mechanic and materialmen liens for construction in progress, (c) inchoate workmen, repairmen, warehousemen, customer, employee and carriers liens arising in the ordinary course of business and (d) liens created by TEPPCO (collectively, the "Permitted Encumbrances").

ARTICLE VII EMINENT DOMAIN

7.1 Total Condemnation of Premises. If the whole of the Premises are acquired or condemned by eminent domain for any public or quasi-public use or purpose, then this Lease shall terminate as of the date title vests in any public agency. All rentals and other charges owing hereunder shall be prorated as of such date.

7.2 Partial Condemnation. If any part of the Premises is acquired or condemned as set forth in Section 5.1, and if in TEPPCO's reasonable opinion such partial taking or condemnation renders the Premises unsuitable for the business of TEPPCO, then this Lease shall terminate at TEPPCO's election as of the date title vests in any public agency, provided TEPPCO delivers to Duke Energy written notice of such election to terminate within thirty (30) days following the date title vests in such public agency. In the event of such termination, all rentals and other charges owing hereunder shall be prorated as of such effective date of termination.

7.3 Damages. Duke Energy shall be entitled to any award and all damages payable as a result of any condemnation or taking of the fee of the Premises. TEPPCO shall have the right to claim and recover from the condemning authority, but not from Duke Energy, such compensation

as may be separately awarded or recoverable by TEPPCO in TEPPCO's own right on account of any and all damage to the Fractionation Plant and/or TEPPCO's business by reason of the condemnation, including loss of value of any unexpired portion of the term of the Lease, and for or on account of any cost or loss to which TEPPCO might be put in removing TEPPCO's personal property, fixtures, leasehold improvements and equipment, including, without limitation, the Fractionation Plant, from the Premises.

ARTICLE VIII
GENERAL PROVISIONS

8.1 Estoppel Certificates. TEPPCO and Duke Energy shall, at any time and from time to time upon not less than ten (10) days prior written request from the other Party, execute, acknowledge and deliver to the other a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which Rent and other charges are paid, and (ii) acknowledging that there are not, to the executing Party's knowledge, any uncured defaults on the part of the other Party hereunder (or specifying such defaults, if any are claimed). Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises or the leasehold.

Duke Energy's or TEPPCO's failure to deliver such statement within such ten (10) day period shall be conclusive upon that Party (i) that this Lease is in full force and effect without modification, except as may be represented by the other Party, and (ii) that there are not uncured defaults in performance by the other Party.

Nothing in this Section 8.1 shall be construed to waive the conditions elsewhere contained in this Lease applicable to assignment or subletting of the Premises by TEPPCO.

8.2 Warranty of Peaceful Possession. Duke Energy covenants and warrants that TEPPCO, upon paying the Rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on TEPPCO's part to be observed and performed hereunder, may peaceably and quietly have, hold, occupy, use and enjoy, and shall have the full, exclusive and unrestricted use and enjoyment of, all the Premises during the term of the Lease for the purposes permitted herein, and Duke Energy agrees to warrant and forever defend title to the Premises against the claims of any and all persons whomsoever lawfully claiming or to claim the same or any part thereof, subject only to the Permitted Encumbrances and the provisions of this Lease.

8.3 Recording. Duke Energy and TEPPCO shall execute, acknowledge, deliver and record a "short form" memorandum of this Lease in the form of Exhibit B attached hereto and made a part hereof for all purposes. Promptly upon request by Duke Energy at any time following the expiration or earlier termination of this Lease, however such termination may be brought about, TEPPCO shall execute and deliver to Duke Energy an instrument, in recordable form, evidencing the termination of this Lease and the release by TEPPCO of all of TEPPCO's right, title and interest in and to the Premises existing under and by virtue of this Lease.

8.4 Notice. All notices, requests, demands and other communications required or permitted to be given under this Lease shall be deemed to have been duly given if in writing and delivered personally or sent via first-class, postage prepaid, registered or certified mail (return receipt requested), or by overnight delivery service or facsimile transmission addressed as follows:

If to Duke Energy:

Duke Energy Field Services, Inc.
370 - 17th Street, Suite 900
Denver, Colorado 80202
Attention: President
Telephone: (303) 595-3331
Facsimile: (303) 893-2613

and copy to:

Duke Energy Field Services, Inc.
370 - 17th Street, Suite 900
Denver, Colorado 80202
Attention: General Counsel
Telephone: (303) 595-3331
Facsimile: (303) 893-8913

If to TEPPCO:

TEPPCO Colorado, LLC
2929 Allen Parkway, Suite 3200
Houston, Texas 77019
Attention: President
Telephone: (713) 759-3636
Facsimile: (713) 759-3957

and copy to:

Texas Eastern Products Pipeline Company
2929 Allen Parkway, Suite 3200
Houston, Texas 77019
Attention: General Counsel
Telephone: (713) 759-3968
Facsimile: (713) 759-3645

Any Party may change the address to which the communications are to be directed to it by giving notice to the other in the manner provided in this Section 8.4. Notice by mail shall be deemed to have been given and received on the third calendar day after posting. Notice by overnight delivery

service, facsimile transmission or personal delivery shall be deemed given on the date of actual delivery.

8.5 Waiver. No course of dealing and no delay on the part of either Party in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such Party's rights, powers or remedies. No term or condition of this Lease shall be deemed to have been waived nor shall there be any estoppel to enforce any provision of this Lease except by written instrument of the Parties charged with such waiver or estoppel. The waiver of any breach of any term, condition or provision of this Lease shall not be construed as a waiver of any prior, concurrent or subsequent breach of the same or any other term, condition or provision hereof.

8.6 Entire Agreement. The Project Agreements and any related documents between the Parties of even date herewith, including exhibits and schedules attached thereto, constitute the final and entire agreement between the Parties concerning the subject matter thereof, and supersedes all prior and contemporaneous agreements and undertakings of the Parties in connection therewith. The Project Agreements may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the Parties. There are no oral agreements between the Parties.

8.7 Successors and Assigns. Assignment provisions pertaining to this Lease are set forth in the O&M Agreement.

8.8 Conflicts. In the event of any conflict between the provisions of this Lease and any exhibits or schedules attached hereto, the provisions of this Lease shall prevail.

8.9 Laws and Regulations. This Lease and the performance hereof shall be subject to all valid and applicable federal and state laws and to the valid and applicable orders, laws, rules, and regulations of any state or federal authority having jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such order, law, rule, or regulation in any forum having jurisdiction.

8.10 Severability. The invalidity or unenforceability of any provision of this Lease shall in no way affect the validity or enforceability of any other provision hereof.

8.11 Time of Essence. Time is of the essence in the performance of all obligations falling due hereunder.

8.12 Captions. The headings to Articles, Sections and other subdivisions of this Lease are inserted for convenience of reference only and will not affect the meaning or interpretation of this Lease.

8.13 Schedules and Exhibits. All schedules and exhibits hereto which are referred to herein are hereby made a part hereof and incorporated herein by such reference.

8.14 No Partnership. The relationship between Duke Energy and TEPPCO at all times shall not be deemed a partnership or joint venture.

8.15 No Third Party Beneficiaries. Subject to the provisions of Section 8.7 hereof, this Lease inures to the sole and exclusive benefit of Duke Energy and TEPPCO, their respective successors, legal representatives and assigns, and confers no benefit on any third party.

8.16 Mutual Cooperation; Further Assurances. Upon request by either Party from time to time during the term of this Lease, each Party agrees to execute and deliver all such other and additional instruments, notices and other documents and do all such other acts and things as may be necessary to carry out the purposes of this Lease and to more fully assure the Parties' rights and interests provided for hereunder. Duke Energy and TEPPCO each agree to cooperate with the other on all matters relating to required permits and regulatory compliance by either Duke Energy or TEPPCO in respect of the Premises.

8.17 Survival. Survival provisions pertaining to this Lease are set forth in the O&M Agreement.

8.18 Other Project Agreements. In the event of any conflict between the provisions of any of the Project Agreements with each other or with the Purchase Agreement, the provisions of the O&M Agreement shall control over the inconsistent provisions of any of the other Project Documents or the Purchase Agreement.

8.19 Amendments; Changes; Modifications. This Lease may not be effectively amended, changed, modified, altered or terminated, except as provided herein, without the written consent of the Parties and such consent shall be effective only in the specific instance and for the specific purpose for which it is given.

The parties hereto have executed this Lease to be effective as of the day first hereinabove written.

Duke Energy:

DUKE ENERGY FIELD SERVICES, INC.

By: _____
Name: _____
Title: _____

TEPPCO:

TEPPCO COLORADO, LLC

By: -----

Name: -----

Title: -----

EXHIBIT A

PREMISES

A portion of the Southwest Quarter (SW1/4) of Section 25 (Sec. 25), Township Five North (T5N), Range Sixty Six (R66W) West of the Sixth Principal Meridian (6th P.M.), County of Weld, State of Colorado, more particularly described as follows:

Commencing at the Southwest corner (SW Crn) of said Section 25 and assuming the West line of said section as bearing North 00(degrees)00'00" East with all other bearings contained herein relative thereto;
Thence North 00(degrees)00'00" East a distance of 348.27 feet;
Thence North 90(degrees)00'00" East a distance of 957.61 feet to the True Point of Beginning;

Thence North 00(degrees)43'56" East a distance of 55.11 feet;
Thence South 88(degrees)55'04" East a distance of 129.52 feet;
Thence South 00(degrees)26'43" West a distance of 53.09 feet;
Thence North 89(degrees)48'39" West a distance of 129.79 feet back to the True Point of Beginning;

Containing 7,015 square feet (0.161 acres), more or less.

[SEAL]

/s/ KENNETH A. PERRY 4-6-98

Kenneth A. Perry, P.L.S. 25961
For and on behalf of Henkels & McCoy, Inc.

A portion of the Southwest Quarter (SW1/4) of Section 25 (Sec. 25), Township Five North (T5N), Range Sixty Six (R66W) West of the Sixth Principal Meridian (6th P.M.), County of Weld, State of Colorado, more particularly described as follows:

Commencing at the Southwest corner (SW Crn) of said Section 25 and assuming the West line of said section as bearing North 00(degrees)00'00" East with all other bearings contained herein relative thereto;
Thence North 00(degrees)00'00" East a distance of 272.25 feet;
Thence North 90(degrees)00'00" East a distance of 986.44 feet to the True Point of Beginning;

Thence North 00(degrees)51'22" East a distance of 60.45 feet;
Thence South 89(degrees)45'12" East a distance of 117.12 feet;
Thence South 00(degrees)31'05" West a distance of 61.40 feet;
Thence North 89(degrees)17'15" West a distance of 117.47 feet back to the True Point of Beginning;

Containing 7,146 square feet (0.164 acres), more or less.

[SEAL]

/s/ KENNETH A. PERRY 4-6-98

Kenneth A. Perry, P.L.S. 25961 Date
For and on behalf of Henkels & McCoy, Inc.

EXHIBIT B

MEMORANDUM OF LEASE AGREEMENT

THIS MEMORANDUM OF LEASE AGREEMENT (this "Memorandum") is made and entered into this 21st day of April, 1998, but effective 11:59 p.m. (Denver, Colorado time) on the 31st day of March 1998 (the "Effective Date"), by and between Duke Energy Field Services, Inc., a Colorado corporation ("Duke Energy") and TEPPCO Colorado, LLC, a Delaware limited liability company ("TEPPCO"). Each of TEPPCO and Duke Energy are sometimes referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, Duke Energy and TEPPCO entered into that certain Lease Agreement on April 21, 1998, but effective as of the Effective Date (the "Agreement"); and

WHEREAS, any capitalized term used but not defined in this Memorandum shall have the meaning ascribed to such term in the Agreement;

WHEREAS, the Parties desire to file this Memorandum of record in the real property records of Weld County, Colorado, to give notice of the existence of the Agreement and certain provisions contained therein;

NOW THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Notice. Notice is hereby given of the existence of the Agreement and certain provisions contained therein which are summarized in Section 2 below.

2. Demise of Premises and Term. In consideration of the rents, covenants, and agreements set forth in the Agreement and subject to the terms and conditions of the Agreement, Duke Energy has leased to TEPPCO and TEPPCO has leased from Duke Energy, that certain tract or parcel of land located in Weld County, Colorado, more particularly described on Exhibit A attached hereto and made a part hereof for all purposes for a term commencing on March 31, 1998 at 11:59 p.m. (Denver, Colorado time) and, unless terminated in accordance with the terms and conditions of the Agreement, shall continue in effect for a primary term ending March 31, 2018 at 11:59 p.m. (Denver, Colorado time), and shall continue in effect from Year to Year thereafter; provided that either Party has the right to terminate the Agreement effective March 31, 2018 at 11:59 p.m. or any anniversary of such date by giving the other Party at least six (6) months prior written notice.

3. No Amendment to Agreement. This Memorandum is executed and recorded solely for the purpose of giving notice and shall not amend nor modify the Agreement in any way.

4. Further Information. Further information concerning the Agreement is available from either (i) Duke Energy Field Services, Inc., 370 Seventeenth Street, Suite 900, Denver, Colorado 80202 or (ii) TEPPCO Colorado, LLC, 2929 Allen Parkway, Suite 3200, Houston, Texas 77019.

The Parties hereto have executed this Memorandum to be effective as of the day first hereinabove written.

DUKE ENERGY:

DUKE ENERGY FIELD SERVICES, INC.

By: _____
Name: _____
Title: _____

TEPPCO:

TEPPCO COLORADO, LLC

By: _____
Name: _____
Title: _____

STATE OF TEXAS)
)
COUNTY OF HARRIS)

Before me, _____, a Notary Public in and for the State of Texas, on this _____ day of April, 1998, personally appeared _____, known to me to be the _____ of Duke Energy Field Services, Inc., a Colorado corporation, on behalf of said corporation and acknowledged to me that he executed this Memorandum for the considerations and purposes therein set forth.

Given under my hand and seal of office this _____ day of April, 1998.

Notary Public in and for the State of Texas

Printed or Typed Name of Notary

My Commission Expires:

STATE OF TEXAS)
)
COUNTY OF HARRIS)

Before me, _____, a Notary Public in and for the State of Texas, on this _____ day of April, 1998, personally appeared _____, known to me to be the _____ of TEPPCO Colorado, LLC, a Delaware limited liability company, on behalf of said limited liability company and acknowledged to me that he executed this Memorandum for the considerations and purposes therein set forth.

Given under my hand and seal of office this _____ day of April, 1998.

Notary Public in and for the State of Texas

Printed or Typed Name of Notary

My Commission Expires:

OPERATION AND MAINTENANCE AGREEMENT

BY AND BETWEEN

DUKE ENERGY FIELD SERVICES, INC.

AND

TEPPCO COLORADO, LLC

MARCH 31, 1998

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OPERATION AND MAINTENANCE AGREEMENT

THIS OPERATION AND MAINTENANCE AGREEMENT (the "O&M Agreement") is made and entered into this 21st day of April, 1998, but effective as of the 31st day of March, 1998, by and between Duke Energy Field Services, Inc. ("Duke Energy"), a Colorado corporation and TEPPCO Colorado, LLC, a Delaware limited liability company ("TEPPCO"). Each of TEPPCO and Duke Energy are sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

- A. Duke Energy owns and operates the Greeley Natural Gas Processing Plant located in the SW1/4 of Section 25, T5N, R66W (the "Greeley Plant") and the Spindle Natural Gas Processing Plant located in the SW1/4 of Section 34, T2N, R67W (the "Spindle Plant"), both of which are located in Weld County, Colorado.
- B. Pursuant to an Asset Purchase Agreement dated March 31, 1998 (the "Purchase Agreement"), between the Parties, TEPPCO has acquired from Duke Energy a fractionation facility located at the Greeley Plant and a fractionation facility located at the Spindle Plant (collectively, the "Fractionators").
- C. As contemplated in the Purchase Agreement, the Parties have entered into (i) a Fractionation Agreement of even date herewith (the "Frac Agreement") whereby TEPPCO will fractionate natural gas liquids for Duke Energy for the consideration expressed therein, (ii) a Lease Agreement of even date herewith (the "Lease Agreement") whereby TEPPCO will lease certain real property on which the Fractionator at the Greeley Plant site is located, and (iii) a Sublease Agreement of even date herewith (the "Sublease Agreement") whereby TEPPCO will lease certain real property on which the Fractionator at the Spindle Plant site is located.
- D. Prior to the execution of the Project Agreements Duke Energy owned and operated and currently operates the Fractionators, and represents that it is qualified and capable to continue to operate and maintain the Fractionators.
- E. The Parties desire for Duke Energy to operate and maintain the Fractionators in accordance with this O&M Agreement.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Except as otherwise defined herein, capitalized terms used in this O&M Agreement shall have the same meanings as in the Frac Agreement. In addition, the following words and terms shall have the meanings set forth herein:

"Affiliate" shall mean, when used with respect to a specified Person, any other Person directly controlled by or under the specified Person. For purposes of this definition "control", when used with respect to any specified Person, means the power to direct the management and policies of the Person whether through the ownership of voting securities or by contract; and the term "controlled" have the meanings correlative to the foregoing. Notwithstanding the foregoing, the term "Affiliate" when applied to Duke Energy shall not include Duke Energy Trading & Marketing, L.L.C. ("DETM"), TEPPCO, Texas Eastern Products Pipeline Company, a Delaware corporation ("Texas Eastern"), TEPPCO Partners L.P., a Delaware limited partnership (the "Partnership") or any entities owned, directly or indirectly by the Partnership (collectively with Texas Eastern and the Partnership but excluding DETM, the "TEPPCO Entities"); and as applied to TEPPCO, shall not include Duke Energy, Duke Energy Corporation, a Delaware corporation, or any entities owned, directly or indirectly by Duke Energy Corporation other than the TEPPCO Entities.

"Associated Equipment and Services" shall have the meaning given such term in Section 2.5.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. ss. 9601 et seq.

"Claims" shall have the meaning given such term in Section 5.1.

"Disputed Claims" shall have the meaning given such term in Section 10.1.

"Duke Energy Indemnified Parties" shall have the meaning given such term in Section 5.2.

"Emergencies" shall mean the occurrence, condition, or reasonable anticipation of an occurrence or condition, which might (1) threaten life, property, or the environment, (2) render a Fractionator incapable of

normal operation, or (3) be required in order to comply with law or an order of a Governmental Authority with jurisdiction over a Fractionator.

"Employees" shall mean those persons who are hired as employees to perform Duke Energy's Services under this O&M Agreement on either a full-time or part-time basis, whether or not any such person is hired directly by Duke Energy or made available by an Affiliate of Duke Energy on either a full-time or part-time basis.

"Environmental Laws" shall mean all federal, state, or municipal laws, rules, regulations, statutes, ordinances, or orders of any Governmental Authority relating to (a) the control of any potential pollutant or protection of the air, water, or land, (b) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation and (c) exposure to hazardous, toxic or other substances alleged to be harmful. "Environmental Laws" shall include, but not be limited to, the Clean Air Act, 42 U.S.C. ss. 7401 et seq., the Clean Water Act, 33 U.S.C. ss. 1251 et seq., RCRA, the Superfund Amendments and Reauthorization Act, 42 U.S.C. ss. 11001, et seq., the Toxic Substances Control Act, 15 U.S.C. ss. 2601 et seq., the Water Pollution Control Act, 33 U.S.C. ss. 1251 et seq., the Safe Drinking Water Act, 42 U.S.C. ss. 300f et seq. and CERCLA. The term "Environmental Laws" shall also include all state, local and municipal laws, rules, regulations, statutes, ordinances and orders dealing with the same subject matter or promulgated by any governmental or quasi-governmental agency thereunder or to carry out the purposes of any federal, state, local and municipal law.

"Environmental Liabilities" shall mean any and all liabilities, responsibilities, claims, suits, losses, costs (including remedial, removal, response, abatement, clean-up, investigative, or monitoring costs and any other related costs and expenses), other causes of action recognized now or at any later time, damages, settlements, expenses, charges, assessments, liens, penalties, fines, pre-judgment and post-judgment interest, attorneys' fees and other legal fees (a) pursuant to any agreement, order, notice, or responsibility, directive (including directives embodied in Environmental Laws), injunction, judgment, or similar documents (including settlements), or (b) pursuant to any claim by a Governmental Authority or other Person for personal injury, property damage, damage to natural resources, remediation, or payment or reimbursement of response costs incurred or expended by the Governmental Authority or Person pursuant to common law or statute.

"Frac Agreement" shall have the meaning given such term in the recitals hereof.

"GAAP" shall mean generally accepted accounting principles consistently applied.

"Governmental Authority" shall mean any entity of or pertaining to government, including any federal, state, local, other governmental or administrative authority, agency, court, tribunal, arbitrator, commission, board or bureau.

"Greeley Plant" shall have the meaning given such term in the recitals hereof.

"Lease Agreement" shall have the meaning given such term in the recitals hereof.

"O&M Fee" shall have the meaning given such term in Section 4.2.

"Permit" shall mean any license, permit or authority granted by any Governmental Authority.

"Person" shall mean any individual, corporation, partnership, joint venture, association, limited liability company, joint stock company, trust unincorporated organization, Governmental Authority or government (or agency or political subdivision thereof).

"Premises" shall mean collectively, the "Premises" as defined in the Lease Agreement and the "Premises" as defined in the Sublease Agreement.

"Project Agreements" shall mean collectively, this O&M Agreement, the Frac Agreement, the Lease Agreement and the Sublease Agreement.

"Purchase Agreement" shall have the meaning given such term in the recitals hereof.

"Representatives" shall have the meaning given such term in Section 2.4.

"Services" shall mean all management, operations and maintenance services necessary or advisable in order to safely, dependably and efficiently manage, operate and maintain the

Fractionators. Without limiting the generality of the foregoing, "Services" shall include each of the following being performed in a manner consistent with good industry practice:

(a) Comply with all local, state and federal rules, regulations and laws, including the Environmental Laws, and obtain and maintain all Permits required for the maintenance and operation of the Fractionators.

(b) Maintain adequate and sufficient records and provide all data and/or reports reasonably required by TEPPCO, and as required by all federal, state and local agencies with jurisdiction over a Fractionator.

(c) Maintain current revisions of all drawings and specifications, technical documents, instruction books, equipment diagrams and other information relating to the Fractionators.

(d) Maintain appropriate levels of spare parts and materials required for the maintenance and proper operation of the Fractionators.

(e) Take all actions as may be necessary or appropriate to maintain the Fractionators in good operating condition and repair.

(f) In the event of Emergencies, perform all actions reasonable and appropriate to protect the Fractionators and all related facilities, equipment, supplies and personnel and notify TEPPCO as soon as reasonably possible at the telephone number for Emergencies set forth in Section 11.1 hereof.

(g) Establish and maintain an effective work force required for the management, operation and maintenance of the Fractionators through proper hiring, training, supervising and qualifying procedures, and administer all matters pertaining to labor relations, working conditions, employee benefits, safety and all related matters in connection with these duties in accordance with applicable laws.

(h) Subject to Section 2.4 herein, provide reasonable access to the Fractionators and all records relating to the operation and maintenance of the Fractionators to all agents, representatives and inspectors of TEPPCO and, if required by

applicable law or otherwise approved by Duke Energy, Governmental Authorities.

(i) Keep and maintain the Fractionators free and clear of, or discharge in the ordinary course of business, all liens and encumbrances resulting from performance of services by Duke Energy or its contractors and subcontractors.

(j) Keep TEPPCO informed of the operating status of the Fractionators through reports as may be reasonably requested and agreed upon from time to time. In addition to the foregoing, Duke Energy will immediately notify TEPPCO by telephone within 48 hours of any shutdown, bring down or scheduled or unscheduled maintenance occurrence which impacts the capacity or operations of the Fractionators and which is reasonably anticipated to exceed 24 hours.

(k) Take such actions as shall be necessary to maintain the aggregate capacity of the Fractionators to as close as possible to its current estimated maximum capacity of 504,000 Gallons per day.

(l) Fully perform and comply with all duties, obligations and liabilities of TEPPCO under (i) Sections 4.1 and 4.2 and Article V of the Frac Agreement, (ii) Sections 4.1 and 4.2 (except for any obligations to send notices under Section 4.2) of the Lease Agreement and (iii) Sections 4.1 and 4.2 (except for any obligations to send notices under Section 4.2) of the Sublease Agreement.

(m) Carry out the other obligations of Duke Energy as set forth in this O&M Agreement.

"Spindle Plant" shall have the meaning given such term in the recitals hereof.

"Sublease Agreement" shall have the meaning given such term in the recitals hereof.

"TEPPCO Indemnified Parties" shall have the meaning given that term in Section 5.1.

1.2 References. As used in this Agreement, unless expressly stated otherwise, references to (a) "including" mean "including, without limitation", and the words "hereof", "herein", and "hereunder", and similar words, refer to this Agreement

as a whole and not to any particular Article, provision, section or paragraph of this Agreement and (b) "or" mean "either or both". Unless otherwise specified, all references in this Agreement to Sections, paragraphs, Exhibits or Schedules are deemed references to the corresponding Sections, paragraphs, Exhibits or Schedules in this Agreement.

- 1.3 Headings. The headings of the Sections of this Agreement and of the Schedules and Exhibits are included for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation hereof or thereof.

ARTICLE 2
SERVICES AND RELATIONSHIP

- 2.1 Services. Duke Energy shall perform the Services in such a way as to safely, dependably and efficiently operate and maintain the Fractionators in a prudent manner, consistent with good, industry practices.
- 2.2 Other Agreements. Notwithstanding any provision to the contrary in any of the Project Agreements, Duke Energy agrees that it shall have sole responsibility to fully perform and comply with all duties, obligations and liabilities of TEPPCO under (i) Sections 4.1 and 4.2 and Article V of the Frac Agreement, (ii) Sections 4.1 and 4.2 (except for any obligations to send notices under Section 4.2) of the Lease Agreement and (iii) Sections 4.1 and 4.2 (except for any obligations to send notices under Section 4.2) of the Sublease Agreement.
- 2.3 Independent Contractor. In performing the Services, Duke Energy shall be an independent contractor and not an employee, agent, or servant of TEPPCO, and this O&M Agreement does not create any partnership or joint venture between Duke Energy and TEPPCO.
- 2.4 TEPPCO's Access. This Section 2.4 shall be the sole governing provision of this O&M Agreement and Other Agreements pertaining to TEPPCO, its employees, agents and other representatives' (the "Representatives") access to the Fractionators. Notwithstanding any provision in this O&M Agreement and Other Agreements to the contrary, TEPPCO and the Representatives shall only have the right to access to the Fractionators, the Spindle Plant site and the Greeley Plant site in accordance with this Section 2.4. TEPPCO and the Representatives shall have access to the Fractionators, Plant site and the Greeley Plant site only during normal business hours, when accompanied by the representative of Duke Energy who has been so designated by Duke Energy, and upon at least 24 hours advance notice to Duke Energy, except in the event of an Emergency, in which case Duke Energy shall provide to TEPPCO and its Representatives access to the Fractionators, the Spindle

Plant site and/or the Greeley Plant site, as the case may be, at any time of the day and as soon as reasonably possible. TEPPCO and the Representatives shall comply with all of Duke Energy's safety rules and procedures during any such access.

- 2.5 Obligation to Provide Associated Services and Facilities. The Parties hereto acknowledge that (i) the equipment that comprises the Fractionators is insufficient to fully complete the fractionation process and (ii) the Fractionators must be used in conjunction with other equipment owned by Duke Energy to enable TEPPCO to fractionate the Raw Product in accordance with the terms of the Frac Agreement. Accordingly, Duke Energy agrees to provide, as part of the O&M Fee, such additional equipment and services as are reasonably necessary to enable TEPPCO to fractionate the Raw Product in accordance with the terms hereof, including, without limitation, the furnishing of electricity, hot oil circulation, refrigeration and control systems (collectively, the "Associated Equipment and Services"). Duke Energy shall, at all times during the term of this Agreement, maintain the assets necessary to provide the Associated Equipment and Services in good working order and repair. If Duke Energy fails to provide any Associated Equipment and Services in accordance with the terms of this Agreement, then in addition to any other rights or remedies TEPPCO may have for any such failure, TEPPCO shall have the right to obtain specific performance of the provision of such Associated Equipment and Services.

ARTICLE 3
EMPLOYEES, CONSULTANTS, AND SUBCONTRACTORS

- 3.1 Employees, Consultants, and Subcontractors. Duke Energy shall hire, employ, and have supervision over such persons as may be required to enable Duke Energy to perform the Services required hereunder (including consultants, professionals, subcontractors, services, or other organizations). Duke Energy shall pay all expenses in connection therewith, including, but not limited to compensation, salaries, wages, bonuses, benefits, social security taxes, workers' compensation insurance, retirement, and insurance benefits and other such expenses.
- 3.2 Affiliates. Notwithstanding Section 3.1 above, Duke Energy is authorized to utilize, as it deems necessary, the services of any Affiliate.
- 3.3 Standards for Performance of Duke Energy, its Employees, and Contractors. Duke Energy shall perform the Services and carry out its responsibilities, devoting appropriate time and talents to the operations of the Fractionators in a good and businesslike manner and in accordance with good and prudent practices within the industry. In connection therewith, Duke Energy shall provide supervisory, administrative, and technical services to TEPPCO and shall perform such services with the same degree of diligence and care that it would exercise if the Fractionators were owned solely by Duke Energy. All persons engaged by Duke Energy hereunder shall be duly trained, qualified and experienced to perform such responsibilities. Duke Energy shall require all contractors, and such contractors shall use reasonable efforts to require all subcontractors, to carry insurance of the types and amounts

set forth in the attached Schedule 3.3. All materials and workmanship used or provided in performing the Services shall be in accordance with applicable governmental standards and regulations.

ARTICLE 4
OPERATION AND MAINTENANCE COSTS

- 4.1 Operating and Other Costs. Duke Energy shall pay and be responsible for all costs, expenses, expenditures and fees incurred in connection with the provision of the Services or otherwise required for the management, operation and maintenance of the Fractionators, except as otherwise provided in Section 4.5 below. In this regard, any loss of products due to operations or measurement shall be the responsibility of Duke Energy.
- 4.2 O&M Fee. TEPPCO shall pay to Duke Energy, each month, a fee equal to \$0.005 times the number of Gallons of Specification Product (as calculated pursuant to the Frac Agreement) which is delivered by TEPPCO to Duke Energy at the Delivery Points each month pursuant to the terms of the Frac Agreement (the "O&M Fee") except as otherwise provided in Section 4.1 of the Frac Agreement. Except as otherwise provided in this Article 4, the O&M Fee shall constitute payment by TEPPCO to Duke Energy for all costs, expenses, expenditures, and fees incurred in connection with the provision of the Services.
- 4.3 Insurable Loss to the Fractionators. Except to the extent covered by the insurance carried by Duke Energy pursuant to Section 4.5 below or any insurance carried by TEPPCO, TEPPCO shall be responsible for all costs and expenses necessary for the repair or replacement of all or portions of the Fractionators made necessary because of an insurable loss, including, without limitation, losses incurred by fire, flood, storm, theft or accident; provided, however, in the event that the Fractionators are damaged because of the negligent act or omission of any of the Duke Energy Indemnified Parties, then Duke Energy shall be responsible for any deductible under any such insurance, whether carried by Duke Energy or TEPPCO. TEPPCO may carry at its own expense such insurance as it deems necessary or appropriate to protect against such potential losses.
- 4.4 Capital Expenditures. Duke Energy shall be responsible for any single item of capital expenditure (as determined by GAAP) which is less than \$100,000. With respect to any capital expenditure (as determined by GAAP) which exceeds \$100,000, TEPPCO shall be liable for the total amount of such expenditures from the first dollar thereof; provided, however, before incurring any such expenditures, Duke Energy shall obtain TEPPCO's written approval of such expenditures, such approval not to be unreasonably withheld. The Parties acknowledge and agree that notwithstanding any provision in the other Project Agreements to the contrary, that TEPPCO shall not increase the capacity of the Fractionators without Duke Energy's prior written consent.
- 4.5 Insurance. Duke Energy shall carry the insurance described on the attached Schedule 4.5 and such other insurance as it may consider necessary or appropriate and shall be responsible for all costs and expenses of premiums payable for such insurance. Under no circumstances

shall Duke Energy be required to carry insurance for business interruption or be liable to TEPPCO for damages attributable to business interruption or loss of profits. With respect to the insurance policies carried by each Party hereunder, such insurance policies shall provide (i) that the other Party shall be named as an additional insured, (ii) for a waiver of rights of subrogation from the insurer, (iii) that the other Party shall be given thirty (30) days' notice prior to cancellation, (iv) that the other Party receive notice in the event of non-payment of premiums and (v) that the other Party be named as a loss payee as its interest may appear.

ARTICLE 5
INDEMNIFICATION

- 5.1 Indemnification by Duke Energy. Duke Energy agrees to indemnify, protect, save and keep harmless TEPPCO and its Affiliates and their respective officers, directors, shareholders, unitholders, members, managers, agents, employees, representatives, contractors and subcontractors (other than any of the Duke Energy Indemnified Parties), successors and assigns (collectively, the "TEPPCO Indemnified Parties") from and against any and all liabilities, obligations, losses, damages, penalties, claims (including, without limitation, claims involving strict or absolute liability in tort), actions, suits, costs, expenses and disbursements (including, without limitation, reasonable legal fees and expenses) of any kind and nature whatsoever (collectively, the "Claims") which may be imposed on, incurred by or asserted against any of the TEPPCO Indemnified Parties, in any way relating to or arising out of:
- (a) the possession, custody, processing or use of the Dedicated Gas, the Raw Product and/or the Specification Products, including, without limitation, the payment of any taxes, royalties, overriding royalties or other payments due or to become due thereon;
 - (b) any misrepresentation or breach of warranty made by Duke Energy in any of the Project Agreements;
 - (c) any failure to perform any covenant or agreement made or undertaken by Duke Energy in any of the Project Agreements, including, without limitation, the performance of any covenant or agreement of TEPPCO under any of the Project Agreements which has been expressly assumed by Duke Energy under this O&M Agreement;
 - (d) the possession, use or operation of the Fractionators or the Premises prior to the date hereof or during the term of any of the Project Agreements or any accident or occurrence in connection therewith prior to the date hereof or during the term of any of the Project Agreements;
 - (e) the possession, use or operation of the Greeley Plant, the Spindle Plant, the Greeley Plant site and/or the Spindle Plant site or any accident or occurrence in connection therewith both before and after the date hereof; or

(f) any Environmental Liabilities relating to the Premises, the Fractionators, the Greeley Plant, the Spindle Plant, the Greeley Plant site or the Spindle Plant site or the operation or use thereof prior to the date hereof or during the term of any of the Project Agreements, or resulting from any facts existing or events occurring prior to the date hereof or during the term of any of the Project Agreements, regardless of when such liability arises;

provided, however, Duke Energy shall not be required to indemnify the TEPPCO Indemnified Parties for any Claim resulting from the willful misconduct or negligence of any of the TEPPCO Indemnified Parties. To the extent that the TEPPCO Indemnified Parties in fact receive full indemnification payments from Duke Energy under the indemnification provisions hereof, Duke Energy shall be subrogated to the TEPPCO Indemnified Parties' rights with respect to the transaction or event requiring or giving rise to such indemnity.

5.2 Indemnification by TEPPCO. TEPPCO agrees to indemnify, protect, save and keep harmless Duke Energy and its Affiliates and their respective officers, directors, shareholders, unitholders, members, managers, agents, employees, representatives, contractors, subcontractors, successors and assigns (collectively, the "Duke Energy Indemnified Parties") from and against any and all Claims which may be imposed on, incurred by or asserted against any of the Duke Energy Indemnified Parties, in any way relating to or arising out of:

(a) any misrepresentation or breach of warranty made by TEPPCO in any of the Project Agreements;

(b) any failure to perform any covenant or agreement made or undertaken by TEPPCO in any of the Project Agreements to the extent that compliance with or performance of any such covenant or agreement has not been expressly assumed by Duke Energy in this O&M Agreement; or

(c) the willful misconduct or negligence of any of the TEPPCO Indemnified Parties in connection with any matter pertaining to the Premises, the Fractionators, the Raw Product or the Product;

provided, however, TEPPCO shall not be required to indemnify the Duke Energy Indemnified Parties for any Claim resulting from the willful misconduct or negligence of any of the Duke Energy Indemnified Parties. To the extent that the Duke Energy Indemnified Parties in fact receive full indemnification payments from TEPPCO under the indemnification provisions hereof, TEPPCO shall be subrogated to the Duke Energy Indemnified Parties' rights with respect to the transaction or event requiring or giving rise to such indemnity.

ARTICLE 6 TERM AND TERMINATION

6.1 Term. This O&M Agreement shall be effective as of March 31, 1998 at 11:59 p.m. (Denver, Colorado time) and, unless terminated in accordance with Section 6.2, continue in effect for

a primary term ending March 31, 2018 at 11:59 p.m. (Denver, Colorado time), and shall continue in effect from Year to Year thereafter; provided that either Party shall have the right to terminate this O&M Agreement effective March 31, 2018 at 11:59 p.m. or any anniversary of that date by giving the other Party at least six (6) months prior written notice.

- 6.2 Termination. Termination provisions pertaining to this O&M Agreement are set forth in the Frac Agreement.

ARTICLE 7
BILLING AND PAYMENT

- 7.1 Statements and Billings. Duke Energy shall invoice TEPPCO by the 25th day of each month for amounts due Duke Energy under this O&M Agreement for the prior month. Each such invoice shall contain a detailed description of the monthly charges to TEPPCO and will indicate whether or not such amount has been deducted from amounts owed to TEPPCO under the Frac Agreement. If such amounts are not deducted from amounts owed to TEPPCO under the Frac Agreement, payment will be due within twenty (20) days after receipt of the invoice.
- 7.2 Audit Rights. In accordance with the Confidentiality Agreement of even date herewith between the Parties, each Party shall have, at its expense, the right at all times to examine the books and records of the other Party, during normal working hours, to the extent necessary to verify the accuracy of any invoice, statement, charge, computation or demand made under or pursuant to this O&M Agreement. Each Party agrees to keep records and books of account in accordance with generally accepted accounting principles in the industry. The Parties agree that the sole and exclusive remedy and measure of damages for any improper payments under this agreement shall be the payment of the amount of underpayment or the recovery of the amount of overpayment, as the case may be, during the two (2) year period immediately preceding the date on which a Party notifies the other Party in writing of an error, mistake, inaccuracy or other claim with respect to any such invoice, statement, charge, computation or demand.

ARTICLE 8
SURVIVAL OF OBLIGATIONS

Any obligation owed by a Party to the other Party under any of the Project Agreements (whether the same shall be known or unknown at the termination hereof, or whether the circumstances, events, or basis of the same shall be known or unknown at the termination hereof), including indemnification obligations, shall survive termination of any of the Project Agreements.

ARTICLE 9
WARRANTY

- 9.1 Warranty. Duke Energy warrants that the Services shall be performed in accordance with the terms and conditions of this Agreement, including all standards set forth herein. Except

as otherwise provided in this O&M Agreement, TEPPCO agrees that there are no warranties, either express or implied, made with respect to Duke Energy's performance under this O&M Agreement or the Other Agreements and TEPPCO expressly recognizes and agrees that Duke Energy does not promise that the Services and work will be performed in a perfect manner. Duke Energy SPECIFICALLY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES THAT MAY RESULT FROM ANY RELATIONSHIP BETWEEN TEPPCO AND DUKE ENERGY OR FROM THE DRAWINGS OR MODELS OF THE WORK OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TEPPCO ALSO HEREBY WAIVES THE PROVISIONS OF ANY DECEPTIVE TRADE PRACTICE ACT OR SIMILAR ACT IN ALL APPLICABLE JURISDICTIONS.

- 9.2 Consequence of Breach. In the event Duke Energy breaches any warranty described in Section 9.1 above, Duke Energy shall re-perform any defective service, replace any unfit or unqualified personnel and train new personnel, and repair or replace any components of the Fractionators damaged as a consequence of such breach. Any such re-performance, training, repair or replacement by Duke Energy pursuant to this Section 9.2 shall be at Duke Energy's sole cost and expense.
- 9.3 Vendor Warranties. Duke Energy will extend to TEPPCO the benefit of all warranties of any kind, whether express or implied, which arise out of or are given to Duke Energy by other persons in connection with the sale of goods and services to Duke Energy with respect to the Fractionators.

ARTICLE 10 DISPUTES

- 10.1 Dispute Resolution; Arbitration. In the event of any controversy or claim, whether based in contract, tort or otherwise, arising out of or relating to this O&M Agreement or the scope, breach, termination or validity of this O&M Agreement (a "Disputed Claim"), the Parties shall promptly seek to resolve any such Disputed Claim by negotiations between senior executives of the Parties who have authority to settle the Disputed Claim. When a Party believes there is a Disputed Claim under this O&M Agreement, that Party will give the other Party written notice of the Disputed Claim. Within thirty (30) days after receipt of such notice, the receiving Party shall submit to the other a written response. Both the notice and response shall include (i) a statement of each Party's position and a summary of the evidence and arguments supporting its position, and (ii) the name, title, fax number, and telephone number of the executive who will represent that Party. In the event the Disputed Claim involves a claim arising out of the actions of any person or entity not a signatory to this O&M Agreement, the receiving Party shall have such additional time as necessary, not to exceed an additional thirty (30) days, to investigate the Disputed Claim before submitting a written response. The executives shall meet at a mutually acceptable time and place within fifteen (15) days after the date of the response and thereafter as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the Disputed Claim.

If one of the executives intends to be accompanied at a meeting by an attorney, the other executive shall be given at least five (5) working days' notice of such intention and may also be accompanied by an attorney. All negotiations and communications pursuant to this Article 10 shall be treated and maintained by the Parties as confidential information and shall be treated as compromise and settlement negotiations for the purposes of the Federal and State Rules of Evidence .

10.2 If the Disputed Claim has not been resolved within sixty (60) days after the date of the response given pursuant to Section 10.1 above, or such additional time, if any, that the Parties mutually agree to in writing, or if the Party receiving such notice denies the applicability of the provisions of Section 10.1 or otherwise refuses to participate under the provisions of Section 10.1, either Party may initiate binding arbitration pursuant to the provisions of Section 10.3 below.

10.3 Any Disputed Claims not settled pursuant to the foregoing provisions shall be submitted to binding arbitration in accordance with the following provisions. Arbitration shall be the sole and exclusive remedy of the Parties in connection with any Disputed Claims hereunder.

- (a) The Party desiring to initiate arbitration in connection with any Disputed Claim shall send, via certified mail, written notice of demand of arbitration to the other Party and the name of the arbitrator appointed by the Party demanding arbitration together with a statement of the matter in controversy.
- (b) Within fifteen (15) days after receipt of such demand, the receiving Party shall name its arbitrator. If the receiving Party fails or refuses to name its arbitrator within such 15-day period, the second arbitrator shall be appointed, upon request of the Party demanding arbitration, by the Chief U.S. District Court Judge for the District of Colorado or such other person designated by such judge. The two arbitrators so selected shall within fifteen (15) days after their designation select a third arbitrator; provided, however, that if the two arbitrators are not able to agree on a third arbitrator within such 15-day period, either Party may request the Chief U.S. District Court Judge for the District of Colorado or such other person designated by such judge to select the third arbitrator as soon as possible. In the event the Judge declines to appoint an arbitrator, appointment shall be made, upon application of either Party, pursuant to the Commercial Arbitration Rules of the American Arbitration Association. If any arbitrator refuses or fails to fulfill his or her duties hereunder, such arbitrator shall be replaced by the Party which selected such arbitrator (or if such arbitrator was selected by another Person, through the procedure which such arbitrator was selected) pursuant to the foregoing provisions.
- (c) Each arbitrator selected by the Parties shall be a certified public accountant or licensed attorney with at least fifteen (15) years of oil and gas experience as a certified public accountant and/or practicing attorney. The arbitrators selected by the Parties are not required to be neutral, but the third arbitrator shall be neutral and shall be a certified public accountant. If neither of the arbitrators appointed by or on

behalf of the Parties is a retired judge, then the third arbitrator shall be a retired judge.

- (d) The Parties hereto hereby request and consent to the three (3) arbitrators conducting a hearing in Denver, Colorado no later than sixty (60) days following their selection or thirty (30) days after all prehearing discovery has been completed, whichever is later, at which the Parties shall present such evidence and witnesses as they may choose, with or without counsel.
- (e) Arbitration shall be conducted in accordance with the Commercial Arbitration Rules and procedures of the American Arbitration Association.
- (f) The Federal Rules of Civil Procedure, as modified or supplemented by the local rules of civil procedure for the U.S. District Court of Colorado, shall apply in the arbitration. The Parties shall make their witnesses available in a timely manner for discovery pursuant to such rules. If a Party fails to comply with this discovery agreement within the time established by the arbitrators, after resolving any discovery disputes, the arbitrators may take such failure to comply into consideration in reaching their decision. All discovery disputes shall be resolved by the arbitrators pursuant to the procedures set forth in the Federal Rules of Civil Procedure.
- (g) Adherence to formal rules of evidence shall not be required. The arbitrators shall consider any evidence and testimony that they determine to be relevant.
- (h) The Parties hereto hereby request that the arbitrators render their decision within thirty (30) calendar days following conclusion of the hearing.
- (i) Any decision by a majority of the arbitration panel shall be final, binding and non-appealable. Any such decision may be filed in any court of competent jurisdiction and may be enforced by any Party as a final judgment in such court. There shall be no grounds for appeal of any arbitration award hereunder.
- (j) The defenses of statute of limitations and laches shall be tolled from and after the date a Party gives the other Party written notice of a Disputed Claim as provided in Section 10.1 above until such time as the Disputed Claim has been resolved pursuant to Section 10.1 , or an arbitration award has been entered pursuant to Section 10.3.

10.4 Recovery of Costs and Attorneys' Fees. In the event arbitration (or, despite the Parties agreement to the Disputed Claims through binding arbitration, litigation) arising out of this O&M Agreement is initiated by either Party, the prevailing Party, after the entry of a final non-appealable order, shall be entitled to recover from the other Party, as a part of said order, all court costs, fees and expenses of such arbitration (or litigation), including, without limitation, reasonable attorneys' fees.

- 10.5 Choice of Forum. If, despite the Parties' agreement to submit any Disputed Claims to binding arbitration, there are any court proceedings arising out of or relating to this O&M Agreement or the transactions contemplated hereby, such proceedings shall be brought and tried in the federal or state courts situated in the City and County of Denver, Colorado.
- 10.6 Jury Waivers. THE PARTIES HEREBY WAIVE ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY.
- 10.7 Limitation of Damages. WHETHER OR NOT OCCASIONED BY A DEFAULT OR OTHER BREACH OF THIS O&M AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES, LOSS OF PROFITS, OR CONSEQUENTIAL DAMAGES.
- 10.8 Governing Law. This O&M Agreement shall be construed and enforced in accordance with, and the rights of the Parties shall be governed by, the law of the state of Colorado, without regard to any conflict-of-laws provision thereof that would otherwise require the application of the law of any other jurisdiction.

ARTICLE 11
MISCELLANEOUS

- 11.1 Notices. All notices, requests, demands and other communications required or permitted to be given under this Agreement shall be deemed to have been duly given if in writing and delivered personally or sent via first-class, postage prepaid, registered or certified mail (return receipt requested), or by overnight delivery service or facsimile transmission addressed as follows:

If to Duke Energy:

Duke Energy Field Services, Inc.
370 - 17th Street, Suite 900
Denver, Colorado 80202
Attention: President
Telephone: (303) 595-3331
Facsimile: (303) 893-2613

and copy to:

Duke Energy Field Services, Inc.
370 - 17th Street, Suite 900
Denver, Colorado 80202
Attention: General Counsel
Telephone: (303) 595-3331
Facsimile: (303) 893-8913

If to TEPPCO:

TEPPCO Colorado, LLC
2929 Allen Parkway, Suite 3200
Houston, Texas 77019
Attention: President
Telephone: (713) 759-3636
Emergency Telephone: (713) 759-3636
Facsimile: (713) 759-3957

and copy to:

Texas Eastern Products Pipeline Company
2929 Allen Parkway, Suite 3200
Houston, Texas 77019
Attention: General Counsel
Telephone: (713) 759-3968
Facsimile: (713) 759-3645

Any Party may change the address to which the communications are to be directed to it by giving notice to the other in the manner provided in this Section 11.1. Notice by mail shall be deemed to have been given and received on the third calendar day after posting. Notice by overnight delivery service, facsimile transmission or personal delivery shall be deemed given on the date of actual delivery.

- 11.2 Waiver. No course of dealing and no delay on the part of either Party in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such Party's rights, powers or remedies. No term or condition of this O&M Agreement shall be deemed to have been waived nor shall there be any estoppel to enforce any provision of this O&M Agreement except by written instrument of the Parties charged with such waiver or estoppel. The waiver of any breach of any term, condition or provision of this O&M Agreement shall not be construed as a waiver of any prior, concurrent or subsequent breach of the same or any other term, condition or provision hereof.
- 11.3 Amendments; Changes; Modifications. This O&M Agreement may not be effectively amended, changed, modified, altered or terminated, except as provided herein, without the written consent of the Parties and such consent shall be effective only in the specific instance and for the specific purpose for which it is given.

- 11.4 Successors and Assigns. The Project Agreements shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns, whether so expressed or not. Notwithstanding, neither Party may assign any of the Project Agreements or any rights, duties or obligations thereunder, provided, however, in the event of any assignment or proposed assignment of any of the Project Agreements by TEPPCO, Duke Energy shall have the right to exercise its right to purchase the Fractionators pursuant to Section 10.4 of the Purchase Agreement between the Parties and in the event of any assignment of any of the Project Agreements by Duke Energy, Duke Energy shall remain liable for its obligations under the Project Agreements in the same manner as provided under Section 3.6 of the Frac Agreement.
- 11.5 Conflicts. In the event of any conflict between the provisions of this O&M Agreement and any exhibits or schedules attached hereto, the provisions of this O&M Agreement shall prevail.
- 11.6 Entire Agreement. The Project Agreements and any related documents between the Parties of even date herewith, including exhibits and schedules attached thereto, constitute the final and entire agreement between the Parties concerning the subject matter thereof, and supersedes all prior and contemporaneous agreements and undertakings of the Parties in connection therewith. The Project Agreements may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the Parties. There are no oral agreements between the Parties.
- 11.7 Laws and Regulations. This O&M Agreement and the performance hereof shall be subject to all valid and applicable federal and state laws and to the valid and applicable orders, laws, rules, and regulations of any state or federal authority having jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such order, law, rule, or regulation in any forum having jurisdiction.
- 11.8 Severability. The invalidity or unenforceability of any provision of this O&M Agreement shall in no way affect the validity or enforceability of any other provision hereof.
- 11.9 Time of Essence. Time is of the essence in the performance of all obligations falling due hereunder.
- 11.10 Captions. The headings to Articles, Sections and other subdivisions of this O&M Agreement are inserted for convenience of reference only and will not affect the meaning or interpretation of this O&M Agreement.

- 11.11 Schedules and Exhibits. All schedules and exhibits hereto which are referred to herein are hereby made a part hereof and incorporated herein by such reference.
- 11.12 No Partnership. The relationship between Duke Energy and TEPPCO at all times shall not be deemed a partnership or joint venture.
- 11.13 No Third Party Beneficiaries. Subject to the provisions of Section 11.4 hereof, this O&M Agreement inures to the sole and exclusive benefit of Duke Energy and TEPPCO, their respective successors, legal representatives and assigns, and confers no benefit on any third party.
- 11.14 Mutual Cooperation; Further Assurances. Upon request by either Party from time to time during the term of this O&M Agreement, each Party agrees to execute and deliver all such other and additional instruments, notices and other documents and do all such other acts and things as may be necessary to carry out the purposes of this O&M Agreement and to more fully assure the Parties' rights and interests provided for hereunder. Duke Energy and TEPPCO each agree to cooperate with the other on all matters relating to required permits and regulatory compliance by either Duke Energy or TEPPCO in respect of the Fractionators so as to ensure continued full operation of the Fractionators by Duke Energy pursuant to the terms of this O&M Agreement.
- 11.15 Other Project Agreements. In the event of any conflict between the provisions of any of the Project Agreements with each other or with the Purchase Agreement, the provisions of this O&M Agreement shall control over the inconsistent provisions of any of the other Project Documents or the Purchase Agreement.

The Parties hereto have executed this O&M Agreement as of the date first hereinabove written.

DUKE ENERGY:

DUKE ENERGY FIELD SERVICES, INC.

By:

Name:

Title:

TEPPCO:

TEPPCO COLORADO, LLC

By: _____

Name: _____

Title: _____

SUBLEASE AGREEMENT

BETWEEN

DUKE ENERGY FIELD SERVICES, INC.,
AS SUBLESSOR

AND

TEPPCO COLORADO, LLC,
AS SUBLESSEE

MARCH 31, 1998

SUBLEASE AGREEMENT

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SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (this "Sublease") is made and entered into to this 21st day of April, 1998, but effective 11:59 p.m. (Denver, Colorado time) on the 31st day of March, 1998, between Duke Energy Field Services, Inc., a Colorado corporation (herein called "Duke Energy"), and TEPPCO Colorado, LLC, a Delaware limited liability company (herein called "TEPPCO"). Each of TEPPCO and Duke Energy are sometimes referred to individually as a "Party" and collectively as the "Parties."

W I T N E S S E T H:

WHEREAS, Duke Energy is the lessee under the Sickler Lease (hereinafter defined), which covers, among other lands, the Premises (hereinafter defined); and

WHEREAS, Duke Energy desires to sublease the Premises to TEPPCO, and TEPPCO desires to sublease the Premises from Duke Energy upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and of the mutual agreements hereinafter set forth, Duke Energy and TEPPCO covenant and agree as follows:

ARTICLE I
DEFINITIONS AND CONSTRUCTION

1.1 Certain Defined Terms. Unless the context otherwise requires, the following terms shall have the respective meanings set forth in this Section 1.1:

"Day" means a period of time commencing at 8:00 a.m. (Denver, Colorado time) on a calendar day and ending at 8:00 a.m. (Denver, Colorado time) on the next succeeding calendar day.

"Frac Agreement" means that certain Fractionation Agreement dated of even date herewith by and between Duke Energy and TEPPCO.

"Fractionation Plant" means TEPPCO's fractionation plant located on the Premises.

"Governmental Authority" means any entity of or pertaining to government, including any federal, state, local, other governmental or administrative authority, agency, court, tribunal, arbitrator, commission, board or bureau.

"Lease" means that certain Lease Agreement dated of even date herewith by and between Duke Energy and TEPPCO.

"O&M Agreement" means that certain Operation and Maintenance Agreement dated of even date herewith by and between Duke Energy and TEPPCO.

"Permitted Encumbrances" shall have the meaning ascribed to such term in Section 6.1.

"Premises" means that certain tract or parcel of land located in Weld County, Colorado, more particularly described on Exhibit A attached hereto and made a part hereof for all purposes.

"Project Agreements" means collectively, this Sublease, the O&M Agreement, the Frac Agreement and the Lease.

"Purchase Agreement" shall mean that certain Asset Purchase Agreement dated March 31, 1998, by and between Duke Energy, as "Seller," and TEPPCO, as "Buyer".

"Rent" shall have the meaning ascribed to such term in Section 3.1.

"Sickler Lease" means that certain Lease dated December 9, 1977, by and between Sheldon R. Sickler and Anna Mae Sickler, as "lessor," and Amoco Production Company, as "lessee," which was recorded on May 22, 1978, in Book 832 at Reception No. 1754168 in the real estate records of Weld County, Colorado, as amended by that certain Lease Amendment dated August 28, 1992, by and between Anna Mae Sickler, as "lessor," and Associated Natural Gas, Inc., as "lessee."

"Taxes" shall have the meaning ascribed to such term in Section 5.1.

"Year" shall mean a period of 365 consecutive Days; provided, however that any year which contains the date of February 29 shall consist of 366 consecutive Days.

1.2 References. As used in this Sublease, unless expressly stated otherwise, references to (a) "including" mean "including, without limitation", and the words "hereof", "herein", and "hereunder", and similar words, refer to this Sublease as a whole and not to any particular Article, provision, section or paragraph of this Sublease and (b) "or" mean "either or both". Unless otherwise specified, all references in this Sublease to Sections, paragraphs, Exhibits or Schedules are deemed references to the corresponding Sections, paragraphs, Exhibits or Schedules in this Sublease.

1.3 Headings. The headings of the Sections of this Sublease and of the Schedules and Exhibits are included for convenience only and shall not be deemed to constitute part of this Sublease or to affect the construction or interpretation hereof or thereof.

ARTICLE II
ASSIGNMENT AND SUBLEASE AND TERM

2.1 Demise of Premises and Term. In consideration of the rents, covenants, and agreements set forth herein and subject to the terms and conditions hereof and the Sickler Lease, Duke Energy hereby assigns and subleases to TEPPCO and TEPPCO hereby subleases from Duke Energy, the Premises for a term commencing on March 31, 1998 at 11:59 p.m. (Denver, Colorado time) and, unless terminated in accordance with Article II of the Frac Agreement, continue in effect for a primary term ending March 31, 2018 at 11:59 p.m. (Denver, Colorado time), and shall continue in effect from Year to Year thereafter; provided that either Party shall have the right to terminate this Sublease effective March 31, 2018 at 11:59 p.m. or any anniversary of such date by giving the other Party at least six (6) months prior written notice.

ARTICLE III
RENT

3.1 Rent. As rental for the Premises during the term of this Sublease, TEPPCO agrees to pay to Duke Energy for each month of the term of this Sublease One Thousand and 00/100 (\$1,000.00) (the "Rent") on or before the first (1st) day of each month of the term of this Sublease. Rent shall be prorated for any partial month during the term of this Sublease.

3.2 Place of Payment. All Rent shall be payable in lawful money of the United States of America, at Duke Energy's address set forth in Section 8.4 herein.

ARTICLE IV
CONDUCT OF BUSINESS

4.1 Use of Premises. Subject to the provisions of the Sickler Lease, TEPPCO shall have the right to use the Premises for the purpose of fractionating natural gas liquids.

4.2 Surrender of Premises. TEPPCO shall at the expiration of the term of this Sublease, or at any earlier termination of this Sublease, surrender the Premises to Duke Energy in as good condition as it received the same; provided, however, TEPPCO shall deliver written notice to Duke Energy prior to termination of the Sublease if TEPPCO will remove the Fractionation Plant and any other alterations, additions, improvements or other changes to the Premises made by TEPPCO during the term of this Sublease; provided that TEPPCO shall have the right to, and must remove, the Fractionation Plant, if at all, within one (1) year after termination of this Sublease, but no earlier than one (1) year after delivery of written notice as provided above. If TEPPCO fails to

deliver notice as provided in the preceding sentence, TEPPCO shall surrender the Fractionation Plant and any such alterations, additions, improvements or other changes to Duke Energy upon termination of this Sublease.

ARTICLE V
TAXES, ASSESSMENTS

5.1 Duke Energy's Obligation to Pay. Duke Energy shall pay during the term of this Sublease, all federal, state and local real and personal property ad valorem taxes, assessments, and other governmental charges, general and special, ordinary and extraordinary, including but not limited to assessments for public improvements or benefits assessed against the Premises, or improvements situated thereon, including, without limitation, the Fractionation Plant, that are payable to any lawful authority assessed against or with respect to the Premises or the use or operation thereof, including, but not limited to, any federal, state or local income, gross receipts, withholding, franchise, excise, sales, use, value added, recording, transfer or stamp tax, levy, duty, charge or withholding of any kind imposed or assessed by any federal, state or local government, agency or authority, together with any addition to tax, penalty, fine or interest thereon, other than state or U.S. federal income tax imposed upon the taxable income of TEPPCO and any franchise taxes imposed upon TEPPCO (such taxes and assessments being hereinafter called "Taxes"). In the event Duke Energy fails to pay such Taxes prior to the time the same become delinquent, TEPPCO may pay the same and (provided TEPPCO shall have delivered to Duke Energy evidence of such payment) deduct the amount of such payment from the Rent owed hereunder.

5.2 Manner of Payment. Duke Energy shall pay all Taxes directly to the applicable taxing authority prior to delinquency and shall promptly thereafter provide TEPPCO with evidence of such payment. The certificate issued or given by the appropriate officials authorized or designated by law to issue or give the same or to receive payment of such Taxes shall be prima facie evidence of the existence, payment, nonpayment and amount of such Taxes. Duke Energy, if Duke Energy shall so desire, may contest the validity or amount of any such Taxes, at Duke Energy's sole cost and expense, by appropriate proceedings, diligently conducted in good faith. Duke Energy may defer payment of such Taxes during the pendency of such contest, provided that nothing herein contained shall be construed to allow such Taxes to remain unpaid for such length of time as shall permit the Premises, or any part thereof, to be sold by any Governmental Authority or a lien with respect thereto foreclosed for the nonpayment of the same.

ARTICLE VI
REPRESENTATIONS, WARRANTIES AND COVENANTS

6.1 Representations and Warranties of Duke Energy. Duke Energy represents and warrants to TEPPCO that (i) Duke Energy has good and marketable title to the leasehold interest under the Sickler Lease, (ii) Duke Energy has the right to enter into this Sublease without obtaining the consent of the lessor under the Sickler Lease and (iii) TEPPCO shall have the right to the quiet,

peaceful and undisturbed use of the Premises subject only to: (a) liens for current taxes and assessments not yet due or which Duke Energy is contesting in good faith, (b) inchoate mechanic and materialmen liens for construction in progress, (c) inchoate workmen, repairmen, warehousemen, customer, employee and carriers liens arising in the ordinary course of business and (d) liens created by TEPPCO (collectively, the "Permitted Encumbrances").

6.2 Covenants of Duke Energy. Duke Energy covenants and agrees with TEPPCO that Duke Energy shall observe and timely perform all of the obligations and liabilities of the lessor under the Sickler Lease.

ARTICLE VII EMINENT DOMAIN

7.1 Total Condemnation of Premises. If the whole of the Premises are acquired or condemned by eminent domain for any public or quasi-public use or purpose, then this Sublease shall terminate as of the date title vests in any public agency. All rentals and other charges owing hereunder shall be prorated as of such date.

7.2 Partial Condemnation. If any part of the Premises is acquired or condemned as set forth in Section 7.1, and if in TEPPCO's reasonable opinion such partial taking or condemnation renders the Premises unsuitable for the business of TEPPCO, then this Sublease shall terminate at TEPPCO's election as of the date title vests in any public agency, provided TEPPCO delivers to Duke Energy written notice of such election to terminate within thirty (30) days following the date title vests in such public agency. In the event of such termination, all rentals and other charges owing hereunder shall be prorated as of such effective date of termination.

7.3 Damages. Duke Energy shall be entitled to any award and all damages payable as a result of any condemnation or taking of its leasehold interest in the Premises. TEPPCO shall have the right to claim and recover from the condemning authority, but not from Duke Energy, such compensation as may be separately awarded or recoverable by TEPPCO in TEPPCO's own right on account of any and all damage to the Fractionation Plant and/or TEPPCO's business by reason of the condemnation, including loss of value of any unexpired portion of the term of the Sublease, and for or on account of any cost or loss to which TEPPCO might be put in removing TEPPCO's personal property, fixtures, leasehold improvements and equipment, including, without limitation, the Fractionation Plant, from the Premises.

ARTICLE VIII GENERAL PROVISIONS

8.1 Estoppel Certificates. TEPPCO and Duke Energy shall, at any time and from time to time upon not less than ten (10) days prior written request from the other Party, execute, acknowledge and deliver to the other a statement in writing (i) certifying that this Sublease is

unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Sublease, as so modified, is in full force and effect) and the date to which Rent and other charges are paid, and (ii) acknowledging that there are not, to the executing Party's knowledge, any uncured defaults on the part of the other Party hereunder (or specifying such defaults, if any are claimed). Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises or the leasehold.

Duke Energy's or TEPPCO's failure to deliver such statement within such ten (10) day period shall be conclusive upon that Party (i) that this Sublease is in full force and effect without modification, except as may be represented by the other Party, and (ii) that there are not uncured defaults in performance by the other Party.

Nothing in this Section 8.1 shall be construed to waive the conditions elsewhere contained in this Sublease applicable to assignment or subletting of the Premises by TEPPCO.

8.2 Warranty of Peaceful Possession. Duke Energy covenants and warrants that TEPPCO, upon paying the Rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on TEPPCO's part to be observed and performed hereunder, may peaceably and quietly have, hold, occupy, use and enjoy, and shall have the full, exclusive and unrestricted use and enjoyment of, all the Premises during the term of the Sublease for the purposes permitted herein, and Duke Energy agrees to warrant and forever defend title to the Premises against the claims of any and all persons whomsoever lawfully claiming or to claim the same or any part thereof, subject only to the Permitted Encumbrances and the provisions of this Sublease.

8.3 Recording. Duke Energy and TEPPCO shall execute, acknowledge, deliver and record a "short form" memorandum of this Sublease in the form of Exhibit B attached hereto and made a part hereof for all purposes. Promptly upon request by Duke Energy at any time following the expiration or earlier termination of this Sublease, however such termination may be brought about, TEPPCO shall execute and deliver to Duke Energy an instrument, in recordable form, evidencing the termination of this Sublease and the release by TEPPCO of all of TEPPCO's right, title and interest in and to the Premises existing under and by virtue of this Sublease.

8.4 Notice. All notices, requests, demands and other communications required or permitted to be given under this Sublease shall be deemed to have been duly given if in writing and delivered personally or sent via first-class, postage prepaid, registered or certified mail (return receipt requested), or by overnight delivery service or facsimile transmission addressed as follows:

If to Duke Energy:

Duke Energy Field Services, Inc.
370 - 17th Street, Suite 900
Denver, Colorado 80202
Attention: President
Telephone: (303) 595-3331
Facsimile: (303) 893-2613

and copy to:

Duke Energy Field Services, Inc.
370 - 17th Street, Suite 900
Denver, Colorado 80202
Attention: General Counsel
Telephone: (303) 595-3331
Facsimile: (303) 893-8913

If to TEPPCO:

TEPPCO Colorado, LLC
2929 Allen Parkway, Suite 3200
Houston, Texas 77019
Attention: President
Telephone: (713) 759-3636
Facsimile: (713) 759-3957

and copy to:

Texas Eastern Products Pipeline Company
2929 Allen Parkway, Suite 3200
Houston, Texas 77019
Attention: General Counsel
Telephone: (713) 759-3968
Facsimile: (713) 759-3645

Any Party may change the address to which the communications are to be directed to it by giving notice to the other in the manner provided in this Section 8.4. Notice by mail shall be deemed to have been given and received on the third calendar day after posting. Notice by overnight delivery service, facsimile transmission or personal delivery shall be deemed given on the date of actual delivery.

8.5 Waiver. No course of dealing and no delay on the part of either Party in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such Party's rights, powers or remedies. No term or condition of this Sublease shall be deemed to have been waived nor shall there be any estoppel to enforce any provision of this Sublease except by written instrument of the Parties charged with such waiver or estoppel. The waiver of any breach of any term, condition or provision of this Sublease shall not be construed as a waiver of any prior, concurrent or subsequent breach of the same or any other term, condition or provision hereof.

8.6 Entire Agreement. The Project Agreements and any related documents between the Parties of even date herewith, including exhibits and schedules attached thereto, constitute the final and entire agreement between the Parties concerning the subject matter thereof, and supersedes all prior and contemporaneous agreements and undertakings of the Parties in connection therewith. The Project Agreements may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the Parties. There are no oral agreements between the Parties.

8.7 Successors and Assigns. Assignment provisions pertaining to this Sublease are set forth in the O&M Agreement.

8.8 Conflicts. In the event of any conflict between the provisions of this Sublease and any exhibits or schedules attached hereto, the provisions of this Sublease shall prevail.

8.9 Laws and Regulations. This Sublease and the performance hereof shall be subject to all valid and applicable federal and state laws and to the valid and applicable orders, laws, rules, and regulations of any state or federal authority having jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such order, law, rule, or regulation in any forum having jurisdiction.

8.10 Severability. The invalidity or unenforceability of any provision of this Sublease shall in no way affect the validity or enforceability of any other provision hereof.

8.11 Time of Essence. Time is of the essence in the performance of all obligations falling due hereunder.

8.12 Captions. The headings to Articles, Sections and other subdivisions of this Sublease are inserted for convenience of reference only and will not affect the meaning or interpretation of this Sublease.

8.13 Schedules and Exhibits. All schedules and exhibits hereto which are referred to herein are hereby made a part hereof and incorporated herein by such reference.

8.14 No Partnership. The relationship between Duke Energy and TEPPCO at all times shall not be deemed a partnership or joint venture.

8.15 No Third Party Beneficiaries. Subject to the provisions of Section 8.7 hereof, this Sublease inures to the sole and exclusive benefit of Duke Energy and TEPPCO, their respective successors, legal representatives and assigns, and confers no benefit on any third party.

8.16 Mutual Cooperation; Further Assurances. Upon request by either Party from time to time during the term of this Sublease, each Party agrees to execute and deliver all such other and additional instruments, notices and other documents and do all such other acts and things as may be necessary to carry out the purposes of this Sublease and to more fully assure the Parties' rights and interests provided for hereunder. Duke Energy and TEPPCO each agree to cooperate with the other on all matters relating to required permits and regulatory compliance by either Duke Energy or TEPPCO in respect of the Premises.

8.17 Survival. Survival provisions pertaining to this Sublease are set forth in the O&M Agreement.

8.18 Other Project Agreements. In the event of any conflict between the provisions of any of the Project Agreements with each other or with the Purchase Agreement, the provisions of the O&M Agreement shall control over the inconsistent provisions of any of the other Project Documents or the Purchase Agreement.

8.19 Amendments; Changes; Modifications. This Sublease may not be effectively amended, changed, modified, altered or terminated, except as provided herein, without the written consent of the Parties and such consent shall be effective only in the specific instance and for the specific purpose for which it is given.

The parties hereto have executed this Sublease to be effective as of the day first hereinabove written.

DUKE ENERGY:

DUKE ENERGY FIELD SERVICES, INC.

By: _____
Name: _____
Title: _____

[Signatures continued on page 10]

TEPPCO:

TEPPCO COLORADO, LLC

By: -----

Name: -----

Title: -----

EXHIBIT A

PREMISES

A portion of the Southwest Quarter (SW1/4) of Section 34 (Sec. 34), Township Two North (T2N), Range Sixty Seven (R67W) West of the Sixth Principal Meridian (6th P.M.), County of Weld, State of Colorado, more particularly described as follows:

Commencing at the Southwest corner (SW Crn) of said Section 34 and assuming the West line of said section as bearing North 00(degrees)00'00" East with all other bearings contained herein relative thereto;
Thence North 00(degrees)00'00" East a distance of 232.9 feet;
Thence North 90(degrees)00'00" East a distance of 455.67 feet to the True Point of Beginning;

Thence North 00(degrees)30'50" West a distance of 16.84 feet;
Thence North 89(degrees)26'35" East a distance of 20.39 feet;
Thence North 00(degrees)36'48" West a distance of 71.37 feet;
Thence North 89(degrees)44'50" East a distance of 63.22 feet;
Thence South 00(degrees)11'42" East a distance of 88.39 feet;
Thence South 89(degrees)47'50" West a distance of 82.92 feet back to the True Point of Beginning;

Containing 5,906 square feet (0.136 acres), more or less.

[SEAL]

/s/ KENNETH A. PERRY

4-6-98

Kenneth A. Perry, P.L.S. 25961

Date

For and on behalf of Henkels & McCoy, Inc.

EXHIBIT B

MEMORANDUM OF SUBLEASE AGREEMENT

THIS MEMORANDUM OF SUBLEASE AGREEMENT (this "Memorandum") is made and entered into this 21st day of April, 1998, but effective 11:59 p.m. (Denver, Colorado time) on the 31st day of March 1998 (the "Effective Date"), by and between Duke Energy Field Services, Inc., a Colorado corporation ("Duke Energy") and TEPPCO Colorado, LLC, a Delaware limited liability company ("TEPPCO"). Each of TEPPCO and Duke Energy are sometimes referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, Duke Energy and TEPPCO entered into that certain Sublease Agreement on April 21, 1998, but effective as of the Effective Date (the "Agreement"); and

WHEREAS, any capitalized term used but not defined in this Memorandum shall have the meaning ascribed to such term in the Agreement;

WHEREAS, the Parties desire to file this Memorandum of record in the real property records of Weld County, Colorado, to give notice of the existence of the Agreement and certain provisions contained therein;

NOW THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Notice. Notice is hereby given of the existence of the Agreement and certain provisions contained therein which are summarized in Sections 2 and 3 below.
2. Certain Defined Terms. Unless the context otherwise requires, the following terms shall have the respective meanings set forth in this Section 2:
 - A. "Sickler Lease" means that certain Lease dated December 9, 1977, by and between Sheldon R. Sickler and Anna Mae Sickler, as "lessor," and Amoco Production Company, as "lessee," which was recorded on May 22, 1978, in Book 832 at Reception No. 1754168 in the real estate records of Weld County, Colorado, as amended by that certain Lease Amendment dated August 28, 1992, by and between Anna Mae Sickler, as "lessor," and Associated Natural Gas, Inc., as "lessee."
3. Demise of Premises and Term. In consideration of the rents, covenants, and agreements set forth in the Agreement and subject to the terms and conditions of the Agreement and the Sickler Lease, Duke Energy has assigned and subleased to TEPPCO and TEPPCO has subleased from Duke Energy, that certain tract or parcel of land located in Weld County, Colorado, more

particularly described on Exhibit A attached hereto and made a part hereof for all purposes for a term commencing on March 31, 1998 at 11:59 p.m. (Denver, Colorado time) and, unless terminated in accordance with the terms and conditions of the Agreement, shall continue in effect for a primary term ending March 31, 2018 at 11:59 p.m. (Denver, Colorado time), and shall continue in effect from Year to Year thereafter; provided that either Party has the right to terminate the Agreement effective March 31, 2018 at 11:59 p.m. or any anniversary of such date by giving the other Party at least six (6) months prior written notice.

4. No Amendment to Agreement. This Memorandum is executed and recorded solely for the purpose of giving notice and shall not amend nor modify the Agreement in any way.

5. Further Information. Further information concerning the Agreement is available from either (i) Duke Energy Field Services, Inc., 370 Seventeenth Street, Suite 900, Denver, Colorado 80202 or (ii) TEPPCO Colorado, LLC, 2929 Allen Parkway, Suite 3200, Houston, Texas 77019.

The Parties hereto have executed this Memorandum to be effective as of the day first hereinabove written.

DUKE ENERGY:

DUKE ENERGY FIELD SERVICES, INC.

By: _____
Name: _____
Title: _____

TEPPCO:

TEPPCO COLORADO, LLC

By: _____
Name: _____
Title: _____

STATE OF TEXAS)
)
COUNTY OF HARRIS)

Before me, _____, a Notary Public in and for the State of Texas, on this _____ day of April, 1998, personally appeared _____, known to me to be the _____ of Duke Energy Field Services, Inc., a Colorado corporation, on behalf of said corporation and acknowledged to me that he executed this Memorandum for the considerations and purposes therein set forth.

Given under my hand and seal of office this _____ day of April, 1998.

Notary Public in and for the State of Texas

Printed or Typed Name of Notary

My Commission Expires:

STATE OF TEXAS)
)
COUNTY OF HARRIS)

Before me, _____, a Notary Public in and for the State of Texas, on this _____ day of April, 1998, personally appeared _____, known to me to be the _____ of TEPPCO Colorado, LLC, a Delaware limited liability company, on behalf of said limited liability company and acknowledged to me that he executed this Memorandum for the considerations and purposes therein set forth.

Given under my hand and seal of office this _____ day of April, 1998.

Notary Public in and for the State of Texas

Printed or Typed Name of Notary

My Commission Expires:

CONFORMED*
CREDIT AGREEMENT

between

TEPPCO COLORADO, LLC,
as Borrower,

SUNTRUST BANK, ATLANTA,
as Agent,

and

CERTAIN LENDERS,
as Lenders

\$38,000,000

APRIL 21, 1998

[SUNTRUST LOGO]

[TEPPCO LOGO]

* CONFORMED AS EXECUTED.

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CREDIT AGREEMENT

THIS AGREEMENT is entered into as of April 21, 1998, between TEPPCO COLORADO, LLC, a Delaware limited liability company ("BORROWER"), Lenders (defined below), and SUNTRUST BANK, ATLANTA, as Agent for Lenders.

Borrower has requested that Lenders make a \$38,000,000 term loan (the "TERM LOAN") to Borrower to be funded in a single advance on the Closing Date and used by Borrower to purchase two fixed assets known as fractionators (together with all directly related equipment and accessions, the "FRACTIONATORS"). Lenders are willing to extend the Term Loan to Borrower upon and subject to the terms and conditions of this agreement.

ACCORDINGLY, for adequate and sufficient consideration, Borrower, Lenders, and Agent agree as follows:

SECTION 1 DEFINITIONS AND TERMS.

1.1 DEFINITIONS. As used in the Credit Documents:

"AFFILIATE" of a Person means any other individual or entity who directly or indirectly controls, is controlled by, or is under common control with that Person. For purposes of this definition (a) "control," "controlled by," and "under common control with" mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities or other interests, by contract, or otherwise), and (b) General Partner, Parent, and Guarantor, Borrower, and all other Subsidiaries of Parent are Affiliates with each other.

"AGENT" means, at any time, SunTrust Bank, Atlanta (or its successor appointed under SECTION 11), acting as administrative, managing, and syndication agent for Lenders under the Credit Documents.

"ASSIGNEE" is defined in SECTION 12.10(C).

"ASSIGNMENT" is defined in SECTION 12.10(C).

"BORROWER" is defined in the preamble to this agreement.

"BUSINESS DAY" means any day other than Saturday, Sunday, and any other day that commercial banks are authorized by Legal Requirement to be closed in Georgia.

"CAPITAL LEASE" means any capital lease or sublease that is required by GAAP to be capitalized on a balance sheet.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sections 9601 et seq.

"CLOSING DATE" means the date agreed to by Borrower and Agent for disbursement of the Term Loan, which must be a Business Day occurring no later than April 30, 1998, but not before all of the conditions precedent in this agreement for that disbursement have been satisfied.

"COMMITMENT" means, at any time and for any Lender, the amount stated beside that Lender's name on the most- recently amended SCHEDULE 2.

CREDIT AGREEMENT

"COMMITMENT PERCENTAGE" means, for any Lender and at any time, the proportion (stated as a percentage) that its Commitment bears to the total Commitments of all Lenders.

"COMPANIES" means, at any time, Guarantor and each of its Subsidiaries.

"COMPLIANCE CERTIFICATE" means a certificate substantially in the form of EXHIBIT C and signed by a Responsible Officer.

"CONSTITUENT DOCUMENTS" means, for any Person, the documents for its formation and organization, which, for example, for a (a) corporation are its corporate charter and bylaws, (b) for a partnership is its partnership agreement, (c) for a limited-liability company are its certificate of organization and regulations, and (d) for a trust is the trust agreement or indenture under which it is created.

"CREDIT DOCUMENTS" means (a) this agreement, certificates and reports delivered by or on behalf of any Company, Parent, or General Partner under this agreement, and exhibits and schedules to this agreement, (b) all agreements, documents, and instruments in favor of Agent or Lenders (or Agent on behalf of Lenders) ever delivered by or on behalf of any Company, Parent, or General Partner in connection with or under this agreement or otherwise delivered by or on behalf of any Company, Parent, or General Partner in connection with all or any part of the Obligation, and (c) all renewals, extensions, and restatements of, and amendments and supplements to, any of the foregoing.

"CURRENT FINANCIALS" means, unless otherwise specified, either (a) Parent's consolidated Financials for the year ended December 31, 1997, or (b) at any time after annual Financials are first delivered under SECTION 6.1, Parent's annual Financials then most recently delivered to Lenders under SECTION 6.1(A), together with Parent's quarterly Financials then most recently delivered to Lenders under SECTION 6.1(B).

"DEBT" means (for any Person, at any time, and without duplication) (a) all obligations for borrowed money, (b) all obligations evidenced by bonds, debentures, notes, or similar instruments, (c) all obligations to pay the deferred purchase price of property or services except trade accounts payable arising in the ordinary course of business, (d) all obligations arising under acceptance facilities or facilities for the discount or sale of accounts receivable, (e) all direct or contingent obligations in respect of letters of credit, (f) each obligation for Hedging Exposure of \$10,000,000 or more, (g) Capital Lease obligations, (h) all obligations under synthetic leases, (i) obligations of the type described in any of CLAUSES (A) through (H) above that are secured (or for which the holder of any such obligation has an existing Right, contingent or otherwise, to be so secured) by any Lien existing on property owned or acquired by that Person, and (j) all obligations pursuant to guaranties, endorsements, and other contingent obligations for the obligations of others, the type of which obligations are otherwise described in any of CLAUSES (A) through (I) above.

However, solely for purposes of calculating the ratios under SECTIONS 8.1 and 8.2, the Debt in (x) CLAUSES (A), (B), (C), (D), (E), and (G) is limited to the unpaid principal amount or component thereof, and (y) CLAUSE (I) is limited to the lesser of either the unpaid amount of such obligations from time to time outstanding or the fair-market value of the property securing such obligations.

"DEBTOR LAWS" means the Bankruptcy Code of the United States of America and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments, or similar Legal Requirements affecting creditors' Rights.

"DEFAULT PERCENTAGE" means, for any Lender and at any time, the proportion (stated as a percentage) that the Principal Debt owed to it bears to the Principal Debt owed all Lenders.

"DEFAULT RATE" means, for any day, an annual interest rate equal from day to day to the lesser of either (a) the sum of the Fixed Rate plus 2% or (b) the Maximum Rate.

"DISTRIBUTION" means, with respect to any shares of any capital stock, other equity securities, or ownership interests issued by a Person (a) the retirement, redemption, purchase, or other acquisition for value of those securities or interests, (b) the declaration or payment of any dividend on or with respect to those securities or interests, (c) any Investment by that Person in the holder of any of those securities or interests, and (d) any other payment by that Person with respect to those securities or interests.

"EBITDA" means -- for any Person, for any period, and without duplication -- the sum of (a) Net Income, plus (b) to the extent actually deducted in calculating Net Income (i) Interest Expense, (ii) Tax Expense, (iii) depreciation, and (iv) amortization.

"EMPLOYEE PLAN" means any employee-pension-benefit plan covered by Title IV of ERISA and established or maintained by Guarantor or any ERISA Affiliate (other than a Multiemployer Plan).

"ENVIRONMENTAL LAW" means any applicable Legal Requirement that relates to protection of the environment or to the regulation of any Hazardous Substances, including CERCLA, the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), the Clean Water Act (33 U.S.C. Section 1251 et seq.), the Clean Air Act (42 U.S.C. Section 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. Section 136 et seq.), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. Section 11001 et seq.), the Safe Drinking Water Act (42 U.S.C. Section 201 and Section 300f et seq.), the Rivers and Harbors Act (33 U.S.C. Section 401 et seq.), the Oil Pollution Act (33 U.S.C. Section 2701 et seq.), analogous state and local Legal Requirements, and any analogous future enacted or adopted Legal Requirement.

"ENVIRONMENTAL LIABILITY" means any liability, loss, fine, penalty, charge, lien, damage, cost, or expense of any kind to the extent that it results (a) from the violation of any Environmental Law, (b) from the Release or threatened Release of any Hazardous Substance, or (c) from actual or threatened damages to natural resources.

"ENVIRONMENTAL PERMIT" means any permit, or license, from any Person defined in CLAUSE (A) of the definition of Governmental Authority that is required under any Environmental Law for the lawful conduct of any business, process, or other activity.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA AFFILIATE" means any Person that, for purposes of Title IV of ERISA, is a member of Guarantors's controlled group or is under common control with Guarantor within the meaning of Section 414 of the IRC.

"EVENT OF DEFAULT" is defined in SECTION 9.

"FED-FUNDS RATE" means, for any day, the annual rate (rounded upwards, if necessary, to the nearest 0.01%) determined (which determination is conclusive and binding, absent manifest error) by Agent to be equal to (a) the weighted average of the rates on overnight federal-funds transactions with member banks of the Federal Reserve System arranged by federal-funds brokers on that day, as published by the Federal Reserve Bank of New York on the next Business Day, or (b) if those rates are not published for any day, the average of the quotations at approximately 10:00 a.m. received by Agent from three federal-funds brokers of recognized standing selected by Agent in its sole discretion.

"FINANCIALS" of a Person means balance sheets, profit and loss statements, reconciliations of capital and surplus, and statements of cash flow prepared (a) according to GAAP (subject to year end audit adjustments with respect to interim Financials) and (b) except as stated in SECTION 1.4, in comparative form to prior year-end figures or corresponding periods of the preceding fiscal year or other relevant period, as applicable.

"FIXED RATE" means 6.53% per annum.

"FRACTIONATORS" is defined in the recitals to this agreement.

"GAAP" means generally accepted accounting principles of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board that are applicable from time to time.

"GENERAL PARTNER" means Texas Eastern Products Pipeline Company, a Delaware corporation.

"GOVERNMENT SECURITIES" means (to the extent they mature within one year from the date in question) readily marketable (a) direct full faith and credit obligations of the United States of America or obligations guaranteed by the full faith and credit of the United States of America, and (b) obligations of an agency or instrumentality of, or corporation owned, controlled, or sponsored by, the United States of America that are generally considered in the securities industry to be implicit obligations of the United States of America.

"GOVERNMENTAL AUTHORITY" means any (a) local, state, territorial, federal, or foreign judicial, executive, regulatory, administrative, legislative, or governmental agency, board, bureau, commission, department, or other instrumentality, (b) private arbitration board or panel, or (c) central bank.

"GUARANTOR" means TE Products Pipeline Company, Limited Partnership, a Delaware limited partnership.

"GUARANTY" means a guaranty substantially in the form of EXHIBIT B.

"HAZARDOUS SUBSTANCE" means any substance that is designated, defined, classified, or regulated as a hazardous waste, hazardous material, pollutant, contaminant, explosive, corrosive, flammable, infectious, carcinogenic, mutagenic, radioactive, or toxic or hazardous substance under any Environmental Law, including, without limitation, any hazardous substance within the meaning of Section 101(14) of CERCLA.

"HEDGING AGREEMENT" means, for any Person, any present or future, whether master or single, agreement, document or instrument providing for, or constituting an agreement to enter into (a) commodity hedges in the normal course of business in accordance with practices of that Person for hedging material purchases, (b) arrangement for foreign-currency-exchange protection, (c) Rate-Protection Arrangement, and (d) interest-rate-hedging products involving payment premium for which that Person has no future liability.

"HEDGING EXPOSURE" means at any time (a) for a Rate-Protection Arrangement, the related Rate-Protection Exposure, and (b) for any other Hedging Agreement, the amount, if any, that would be payable to the counter party to that Hedging Agreement if it were terminated at that time.

"INTEREST EXPENSE" means -- for any Person, for any period, and without duplication -- all interest on the outstanding principal portion or component of its Debt, whether paid in cash or accrued as a liability and payable in cash during any subsequent period (including, without limitation, the interest component of Capital Leases), as determined by GAAP, and any premium or penalty incurred upon the repayment, redemption, or repurchase of Debt.

"INVESTMENT" means, in respect of any Person, any loan, advance, extension of credit, or capital contribution to that Person, any other investment in that Person, or any purchase or commitment to purchase any equity securities or Debt issued by that Person or substantially all of the assets or a division or other business unit of that Person. However, the term investment does not include any extension of trade debt in the ordinary course of business or, as a result of collection efforts, the receipt of any equity in or property of a Person.

"IRC" means the Internal Revenue Code of 1986.

"LEGAL REQUIREMENTS" means all applicable statutes, laws, treaties, ordinances, rules, regulations, orders, writs, injunctions, decrees, judgments, opinions, and interpretations of any Governmental Authority.

"LENDERS" means the financial institutions (including, without limitation, Agent, in its capacity as a Lender, in respect of its Commitment) initially named on SCHEDULE 2 or, to the extent they constitute permitted assignees pursuant to the terms of this agreement, on the most-recently-amended SCHEDULE 2, if any, delivered by Agent under this agreement, and, subject to this agreement, their respective successors and permitted assigns (but not any Participant who is not otherwise a party to this agreement in the capacity as Lenders).

"LIEN" means any lien, mortgage, security interest, pledge, assignment, charge, title retention agreement, or encumbrance of any kind and any other arrangement for a creditor's claim to be satisfied from assets or proceeds prior to the claims of other creditors or the owners (other than title of the lessor under an operating lease).

"LITIGATION" means any action by or before any Governmental Authority.

"MATERIAL-ADVERSE EVENT" means any circumstance or event that, individually or collectively, is, or is reasonably expected to result (at any time before the Commitments are fully cancelled or terminated and the Obligation is fully paid and performed) in, any (a) material impairment of (i) the ability of Borrower or Guarantor to perform any of their respective payment or other material obligations under any Credit Document, or (ii) the ability of Agent or any Lender to enforce any of those obligations or any of their respective Rights under the Credit Documents (other than as a result of its own act or omission), (b) material and adverse effect on the financial condition of Parent and its Subsidiaries as a whole as represented to Lenders in the Current Financials most recently delivered before the date of this agreement, or (c) Event of Default or Potential Default.

"MATURITY DATE" means the earlier of either (a) April 21, 2001, or (b) the effective date that Lenders' Commitments to lend have been terminated or canceled or that the Principal Debt has been accelerated as provided in this agreement and is immediately due and payable.

"MAXIMUM AMOUNT" and "MAXIMUM RATE" respectively mean, for a Lender, the maximum non-usurious amount and the maximum non-usurious rate of interest that, under applicable Legal Requirement, that Lender is permitted to contract for, charge, take, reserve, or receive on the Obligation.

"MULTIEMPLOYER PLAN" means a multiemployer plan as defined in Sections 3(37) or 4001(a)(3) of ERISA or Section 414(f) of the IRC to which Guarantor or any ERISA Affiliate is making, or has made, or is accruing, or has accrued, an obligation to make contributions.

"NET INCOME" means, for any Person and any period, that Person's profit or loss (a) after deducting all of its operating expenses, provision for Taxes and reserves (including reserves for deferred income Taxes), and all other deductions in accordance with GAAP, but (b) excluding (i) extraordinary items, (ii) in the case of Parent, any equity interest in the unremitted earnings of any Person that is not a Subsidiary of Parent, (iii) the profit or loss of any Person accrued before the date that (A) it becomes a Subsidiary of Parent, (B) it is merged with Parent or any of its Subsidiaries, or (C) its assets are acquired by Parent or any of its Subsidiaries.

"NOTE" means a Term Note substantially in the form of EXHIBIT A.

"OBLIGATION" means all present and future (a) Debts, liabilities, and obligations of Borrower to Agent or any Lender that arises under any Credit Document, whether principal, interest, fees, costs, attorneys' fees, or otherwise, (b) Rate-Protection Exposure of any Rate-Protection Party that is a Lender or an Affiliate (with

whom Borrower has contractually entered into such Hedging Agreement in connection with this agreement) of a Lender, and (c) renewals, extensions, and modifications of any of the foregoing.

"OSHA" means the Occupational Safety and Health Act of 1970, 29 U.S.C. Section 651 et seq.

"PARENT" means TEPPCO Partners, L.P., a Delaware limited partnership.

"PARTICIPANT" is defined in SECTION 14.10(B).

"PBGCC" means the Pension Benefit Guaranty Corporation.

"PERMITTED DEBT" is defined in SECTION 7.1.

"PERMITTED LIENS" is defined in SECTION 7.4.

"PERMITTED INVESTMENT" is defined in SECTION 7.8.

"PERSON" means any individual, entity, or Governmental Authority.

"POTENTIAL DEFAULT" means any event, occurrence, or circumstance, the existence of which upon any required notice, time lapse, or both, would become an Event of Default.

"PREDECESSOR" means any Person for whose obligations and liabilities any Company is reasonably expected to be liable as the result of any merger, de facto merger, stock purchase, asset purchase or divestiture, combination, joint venture, investment, reclassification, or other similar business transaction.

"PRINCIPAL DEBT" means, at any time, the unpaid principal balance of the Term Loan.

"RATE-PROTECTION ARRANGEMENT" means any interest-rate swap, cap, collar, or similar arrangement.

"RATE-PROTECTION EXPOSURE" means, for any Rate-Protection Arrangement and at any time, the amount, if any, that would be payable to the Rate-Protection Party in that Rate-Protection Arrangement for any "agreement value" as though that Rate-Protection Arrangement were terminated at that time, in each case (a) calculated as provided in the International Swap Dealers Association Inc. Code of Standard Wording, Assumptions, and Provisions for SWAPS in effect on the date such arrangement is entered into, and (b) determined by Agent in good faith in reliance upon any information (including any information provided by the Rate-Protection Party) that Agent believes (with no obligation to verify accuracy) to be accurate.

"RATE-PROTECTION PARTY" means, at any time, any party that has entered into a Rate-Protection Arrangement with Borrower.

"REAL PROPERTY" means any land, buildings, fixtures, and other improvements to land now or in the future directly or indirectly owned by any Company, leased to or otherwise operated by any Company, or subleased by any Company to any other Person.

"RELEASE" means any "release" as defined under any Environmental Law.

"REPRESENTATIVES" means officers, directors, employees, accountants, attorneys, and agents.

"REQUIRED LENDERS" means, at any time, any combination of Lenders holding (directly or indirectly) at least either 100% (if there are one or two Lenders) or 66 2/3% (if there are three or more Lenders) of either (a) the total Commitments while there is no Principal Debt or (b) the Principal Debt while there is any Principal Debt.

"RESPONSIBLE OFFICER" means General Parent's chairman, president, chief executive officer, chief financial officer, or treasurer.

"RIGHTS" means rights, remedies, powers, privileges, and benefits.

"SENIOR NOTES" means the 6.45% Senior Notes Due 2008 in the original aggregate principal amount of \$180,000,000 and the 7.51% Senior Notes Due 2028 in the original aggregate principal amount of \$210,000,000 each case issued by Guarantor under the Indenture dated as of January 27, 1998, between Guarantor and The Bank of New York, Trustee.

"SOLVENT" means, as to any Person, that (a) the aggregate fair market value of its assets exceeds its liabilities, (b) it has sufficient cash flow to enable it to pay its Debts as they mature, and (c) it does not have unreasonably small capital to conduct its businesses.

"SUBSIDIARY" of any Person means any corporation, limited liability company, general or limited partnership, or other entity of which more than 50% (in number of votes) of the stock (or equivalent interests) is owned of record or beneficially, directly or indirectly, by that Person.

"TANGIBLE-NET WORTH" means, at any time and for any Person, the sum of (i) its stockholders', members', or partners' equity, as the case may be, minus (ii) the total (without duplication of deductions already made in arriving at that equity) of the book value of all assets that would be treated as intangible assets under GAAP, including goodwill, trademarks, trade names, copyrights, patents, and unamortized debt discount and expense.

"TAXES" means, for any Person, taxes, assessments, or other governmental charges or levies imposed upon it, its income, or any of its properties, franchises, or assets.

"TAX EXPENSE" means -- for any Person, for any period, and without duplication -- the Taxes on income accrued during that period.

"TERM LOAN" is defined in the recitals of this agreement.

1.2 TIME REFERENCES. Unless otherwise specified, in the Credit Documents (a) time references (e.g., 10:00 a.m.) are to time in Atlanta, Georgia, on the applicable date, and (b) in calculating a period from one date to another, the word "from" means "from and including" and the word "to" or "until" means "to but excluding."

1.3 OTHER REFERENCES. Unless otherwise specified, in the Credit Documents (a) where appropriate, the singular includes the plural and vice versa, and words of any gender include each other gender, (b) where appropriate, words include their respective cognate expressions, (c) heading and caption references may not be construed in interpreting provisions, (d) monetary references are to currency of the United States of America, (e) section, paragraph, annex, schedule, exhibit, and similar references are to the particular Credit Document in which they are used, (f) references to "teletype," "facsimile," "fax," or similar terms are to facsimile or teletype transmissions, (g) references to "including" mean including without limiting the generality of any description preceding that word, (h) the rule of construction that references to general items that follow references to specific items are limited to the same type or character of those specific items is not applicable in the Credit Documents, (i) references to "writing" include printing, typing, lithography, and other means of reproducing words in a tangible, visible form, (j) references to any Person include that Person's heirs, personal representatives, successors, trustees, receivers, and permitted assigns, (k) references to any Legal Requirement include every amendment or supplement to it, rule and regulation adopted under it, and successor or replacement for it, (l) references to any Governmental Authority include any Person succeeding to its relevant function, and (m) references to any Credit Document or other document include (to the extent not prohibited by the terms of the Credit Documents) every renewal and extension of it, amendment and supplement to it, and replacement or substitution for it.

1.4 ACCOUNTING PRINCIPLES. Unless otherwise specified, in the Credit Documents (a) GAAP determines all accounting and financial terms and compliance with financial covenants, (b) GAAP in effect on the date of this agreement determines compliance with financial covenants, (c) otherwise, all accounting principles applied in a current period must be comparable in all material respects to those applied during the preceding comparable period, and (d) all financial terms and compliance with reporting and financial covenants must be on a consolidated basis, as applicable.

SECTION 2 TERM LOAN. Subject to the provisions in the Credit Documents, each Lender severally but not jointly agrees to lend to Borrower that Lender's Commitment Percentage of the Term Loan in a single advance on the Closing Date. If Borrower pays or prepays any portion of the Term Loan, that portion may not be reborrowed.

SECTION 3 PAYMENT TERMS.

3.1 NOTES AND PAYMENTS. The Term Loan is evidenced by the Notes, one payable to each Lender in the stated amount of its Commitment. Borrower must make each payment and prepayment on the Obligation to Agent's principal office in Atlanta, Georgia, in immediately available funds by 1:00 p.m. on the day due; otherwise, but subject to SECTION 3.6, those funds continue to accrue interest as if they were received on the next Business Day. Agent shall promptly pay to each Lender the part of any payment or prepayment to which that Lender is entitled under this agreement on the same day Agent receives the funds from Borrower. Unless Agent has received notice from Borrower before the date on which any payment is due under this agreement that Borrower will not make that payment in full, then on the date that payment is due Agent may assume that Borrower has made the full payment due and Agent may, in reliance upon that assumption, cause to be distributed to each Lender on that date the amount then due to each Lender. If and to the extent Borrower does not make the full payment due to Agent, each Lender shall repay to Agent on demand the amount distributed to that Lender by Agent together with interest for each day from the date that Lender received payment from Agent until the date that Lender repays Agent (unless such repayment is made on the same day as such distribution), at an interest rate equal to the Fed-Funds Rate.

3.2 INTEREST AND PRINCIPAL PAYMENTS. Accrued interest on the Principal Debt is due and payable on the 21st calendar day of each January, April, July, and October (commencing on the first of those dates that follows the Closing Date) and on the Maturity Date. The Principal Debt is due and payable on the Maturity Date. Concurrently with the sale, assignment, lease, transfer, or other disposition of either Fractionator, Borrower shall mandatorily prepay all of the Obligation. Borrower may, by giving notice to Agent no later than five Business Days before the date of the prepayment, prepay, without penalty and in whole or part, the Principal Debt so long as (i) the notice by Borrower specifies the amount to be prepaid, (ii) each voluntary partial prepayment must be in a principal amount of not less than \$5,000,000, or a greater integral multiple of \$1,000,000, plus accrued interest, on the amount prepaid, to the date of the prepayment, and (iii) Borrower shall pay the amounts due in respect of that prepayment under SECTION 3.7.

3.3 INTEREST RATES. Except as provided in the next sentence, the Principal Debt bears interest at an annual rate equal to the lesser of either the Fixed Rate or the Maximum Rate. To the extent lawful, all past-due Principal Debt and past-due interest accruing on the Principal Debt bears interest from the date due (stated or by acceleration) at the Default Rate until paid, regardless whether payment is made before or after entry of a judgment. Each change in the Maximum Rate is effective, without notice to Borrower or any other Person, upon the effective date of change.

3.4 INTEREST RECAPTURE. If the designated interest rate applicable to any amount exceeds the Maximum Rate, the interest rate on that amount is limited to the Maximum Rate, but any subsequent reductions in the designated rate shall not reduce the interest rate thereon below the Maximum Rate until the total amount of accrued interest equals the amount of interest that would have accrued if that designated rate had always been in effect. If at maturity (stated or by acceleration), or at final payment of the Notes, the total interest paid or accrued is less than the interest that would have accrued if the designated rates had always been in effect, then, at that time and to the extent lawful, Borrower shall pay an amount equal to the difference

between (a) the lesser of either the amount of interest that would have accrued if the designated rates had always been in effect or the amount of interest that would have accrued if the Maximum Rate had always been in effect, and (b) the amount of interest actually paid or accrued on the Notes.

3.5 INTEREST CALCULATIONS. Interest will be calculated on the basis of actual number of days (including the first day but excluding the last day) elapsed but computed as if each calendar year consisted of 360 days (unless the calculation would result in an interest rate greater than the Maximum Rate, in which event interest will be calculated on the basis of a year of 365 or 366 days, as the case may be). All interest rate determinations and calculations by Agent are conclusive and binding absent manifest error.

3.6 MAXIMUM RATE. Regardless of any provision contained in any Credit Document, no Lender is entitled to contract for, charge, take, reserve, receive, or apply, as interest on all or any part of the Obligation, any amount in excess of the Maximum Rate, and, if any Lender ever does so, then any excess shall be treated as a partial prepayment of principal (without regard to SECTION 3.7) and any remaining excess shall be refunded to Borrower. In determining if the interest paid or payable exceeds the Maximum Rate, Borrower and Lenders shall, to the maximum extent lawful, (a) characterize any nonprincipal payment as an expense, fee, or premium rather than as interest, (b) exclude voluntary prepayments and their effects, and (c) amortize, prorate, allocate, and spread the total amount of interest throughout the entire contemplated term of the Term Loan. However, if the Obligation is paid in full before the end of its full contemplated term, and if the interest received for its actual period of existence exceeds the Maximum Amount, then Lenders shall refund any excess (and Lenders may not, to the extent lawful, be subject to any penalties provided by any Legal Requirements for contracting for, charging, taking, reserving, or receiving interest in excess of the Maximum Amount). If the Legal Requirements of the State of Texas are applicable for purposes of determining the "Maximum Rate" or the "Maximum Amount," then those terms mean the "indicated rate ceiling" from time to time in effect under Article 5069-1.04, Title 79, Revised Civil Statutes of Texas, as amended.

3.7 FUNDING LOSS. Borrower indemnifies and holds harmless each Lender for any and all Rate Protection Exposure that any Lender may incur in respect of any Rate-Protection Arrangement to which any Lender is a party (whether or not Borrower or Guarantor is party to it) in connection with the Term Loan and arising as a result of any prepayment of the Term Loan, whether voluntary or by acceleration. Any Lender incurring such a loss, cost, or reduction may deliver to Borrower (through Agent) a certificate setting forth in reasonable detail the calculation of the amount necessary to compensate it (which certificate is conclusive and binding absent manifest error), and Borrower shall pay that amount to that Lender within ten Business Days after receiving that certificate and other information that Borrower may reasonably request. The provisions of and undertakings and indemnification in this section survive the satisfaction and payment of the Obligation and termination of this agreement.

3.8 ORDER OF APPLICATION. Each payment (including proceeds from the exercise of any Rights) of the Obligation shall be applied either (a) if no Event of Default or Potential Default exists, then in the order and manner as Borrower directs, or (b) if an Event of Default or Potential Default exists or if Borrower fails to give direction, then in the following order: (i) To all fees, expenses, and indemnified amounts for which Agent has not been paid or reimbursed in accordance with the Credit Documents and -- except while an Event of Default under SECTION 9.1 exists -- as to which Borrower has been invoiced and has failed to pay within ten Business Days of that invoice; (ii) to all fees, expenses, and indemnified amounts for which any Lender has not been paid or reimbursed in accordance with the Credit Documents (and if any payment is less than all unpaid or unreimbursed fees and expenses, then that payment shall be paid against unpaid and unreimbursed fees and expenses in the order of incurrence or due date) and -- except while an Event of Default under SECTION 9.1 exists -- as to which Borrower has been invoiced and has failed to pay within ten Business Days of that invoice; (iii) to accrued interest on the Principal Debt; (iv) to the Principal Debt; and (v) to the remaining Obligation in the order and manner Required Lenders deem appropriate.

3.9 SHARING OF PAYMENTS. Except as otherwise specifically provided (a) principal and interest payments shall be shared by Lenders in accordance with their respective Commitment Percentages while no Event of Default exists or their respective Default Percentages while an Event of Default exists, and (b) each

other payment on the Obligation shall be shared by Lenders in the proportion that the Obligation is owed to Lenders on the date of the payment. If any Lender obtains any payment or prepayment with respect to the Obligation (whether voluntary, involuntary, or otherwise, including, without limitation, as a result of exercising its Rights under the SECTION 3.10) that exceeds the part of that payment or prepayment that it is then entitled to receive under the Credit Documents, then that Lender shall purchase from the other Lenders participations that will cause the purchasing Lender to share the excess payment or prepayment ratably with each other Lender. If all or any portion of any excess payment or prepayment is subsequently recovered from the purchasing Lender, then the purchase shall be rescinded and the purchase price restored to the extent of the recovery. Borrower agrees that any Lender purchasing a participation from another Lender under this section may, to the fullest extent lawful, exercise all of its Rights of payment (including the Right of offset) with respect to that participation as fully as if that Lender were the direct creditor of Borrower in the amount of that participation.

3.10 OFFSET. If an Event of Default exists, each Lender is entitled to exercise (for the benefit of all Lenders in accordance with the foregoing section) the Rights of offset and banker's Lien against each and every account and other property, or any interest therein, that Borrower or Guarantor may now or in the future have with, or which is now or in the future in the possession of, that Lender to the extent of the full amount of the Obligation then matured and owed (directly or participated) to it.

3.11 CAPITAL ADEQUACY. If any change in any present Legal Requirement, any change in the interpretation or application of any present Legal Requirement, or any future Legal Requirement regarding capital adequacy applicable to a Lender or its parent company, or if compliance by any Lender with any request, directive, or requirement imposed in the future by any Governmental Authority regarding capital adequacy, or if any change in its written policies or in the risk category of this transaction resulting from any of the preceding changes, in any of the foregoing events or circumstances, reduces the rate of return on its capital resulting from any of the preceding changes as a consequence of its obligations under this agreement to a level below that which it otherwise could have achieved (taking into consideration its policies with respect to capital adequacy) by an amount deemed by it to be material (and it may, in determining the amount, utilize reasonable assumptions and allocations of costs and expenses and use any reasonable averaging or attribution method), then (unless the effect is already reflected in the rate of interest then applicable under this agreement) Agent or that Lender (through Agent) shall notify Borrower and deliver to Borrower a certificate setting forth in reasonable detail the calculation of the amount necessary to compensate it (which certificate is conclusive and binding absent manifest error), and Borrower shall pay that amount to Agent or that Lender within ten Business Days after demand. The provisions of and undertakings and indemnification in this section survive the satisfaction and payment of the Obligation and termination of this agreement for one year.

3.12 FOREIGN LENDERS, PARTICIPANTS, AND ASSIGNEES. Each Lender, Participant (by accepting a participation interest under this agreement), and Assignee (by executing an Assignment) that is not organized under the laws of the United States of America or one of its states (a) represents to Agent and Borrower that (i) no Taxes are required to be withheld by Agent or Borrower with respect to any payments to be made to it in respect of the Obligation and (ii) it has furnished to Agent and Borrower two duly completed copies of either U.S. Internal Revenue Service Form 4224, Form 1001, Form W-8, or any other form acceptable to Agent and Borrower that entitles it to a complete exemption from U.S. federal withholding Tax on all interest or fee payments under the Credit Documents, and (b) covenants to (i) provide Agent and Borrower a new Form 4224, Form 1001, Form W-8, or other form acceptable to Agent and Borrower upon the expiration or obsolescence according to Legal Requirement of any previously delivered form, duly executed and completed by it, entitling it to a complete exemption from U.S. federal withholding Tax on all interest and fee payments under the Credit Documents, and (ii) comply from time to time with all Legal Requirements with regard to the withholding Tax exemption. If any of the foregoing is not true at any time or the applicable forms are not provided, then Borrower and Agent (without duplication) may deduct and withhold from interest and fee payments under the Credit Documents any Tax at the maximum rate under the IRC or other applicable Legal Requirement, and amounts so deducted and withheld shall be treated as paid to that Lender, Participant, or assignee, as the case may be, for all purposes under the Credit Documents.

3.13 DISCHARGE AND REINSTATEMENT. Each Company's obligations under the Credit Documents to which it is a party remain in full force and effect until no Lender has any commitment to extend credit under the Credit Documents and the Obligation is fully paid (except for provisions under the Credit Documents which by their terms expressly survive payment of the Obligation and termination of the Credit Documents). If any payment under any Credit Document is ever rescinded or must be restored or returned for any reason, then all Rights and obligations under the Credit Documents to receive and to enforce the receipt of that payment are automatically reinstated as though the payment had not been made when due.

SECTION 4 CONDITIONS PRECEDENT. No Lender is obligated to extend its Commitment Percentage of the Term Loan unless (a) Agent has received all of the items described in SCHEDULE 4, (b) all of the representations and warranties of the Companies in the Credit Documents are true and correct, and (c) no Material-Adverse Event exists. Each condition precedent in this agreement (including those on SCHEDULE 4) is material to the transactions contemplated by this agreement, and time is of the essence with respect to each condition precedent.

SECTION 5 REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Agent and Lenders as follows:

5.1 PURPOSE. Borrower will only use the proceeds of the Term Loan to acquire the Fractionators.

5.2 SUBSIDIARIES AND NAMES. SCHEDULE 5.2 describes (a) all of Guarantor's direct and indirect Subsidiaries, (b) every name or trade name used by Borrower or Guarantor during the five-year period before the date of this agreement, and (c) every change of Borrower's or Guarantor's name during the four-month period before the date of this agreement.

5.3 EXISTENCE, AUTHORITY, AND GOOD STANDING. Each Company is duly organized, validly existing, and in good standing under the Legal Requirements of its jurisdiction of formation. Except where not a Material-Adverse Event, each Company is duly qualified to transact business and is in good standing in each jurisdiction where the nature and extent of its business and properties require due qualification and good standing (each of which jurisdictions is identified on SCHEDULE 5.2). Each Company possesses all requisite authority and power to conduct its business as is now being conducted and as proposed under the Credit Documents to be conducted and to own and operate its assets as now owned and operated and as proposed to be owned and operated under the Credit Documents.

5.4 AUTHORIZATION AND CONTRAVENTION. The execution and delivery by each Company of each Credit Document to which it is a party and the performance by it of its obligations under those Credit Documents (a) are within its corporate, partnership, or comparable organizational powers, (b) have been duly authorized by all necessary corporate, partnership, or comparable organizational action, (c) require no action by or filing with any Governmental Authority (except any action or filing that has been taken or made on or before the Closing Date), (d) do not violate any provision of any of its Constituent Documents, and (e) except violations that individually or collectively are not a Material-Adverse Event, do not violate any provision of Legal Requirement applicable to it or any material agreement to which it is a party.

5.5 BINDING EFFECT. Upon execution and delivery by all parties to it, each Credit Document will constitute a legal and binding obligation of each Company party to it, enforceable against it in accordance with that Credit Document's terms except as that enforceability may be limited by Debtor Laws and general principles of equity.

5.6 CURRENT FINANCIALS. The Current Financials were prepared in accordance with GAAP and present fairly, in all material respects, the consolidated financial condition, results of operations, and cash flows of Parent and its Subsidiaries as of, and for the portion of the fiscal year ending on their dates (subject only to normal year-end adjustments for interim statements). Except for transactions directly related to, specifically contemplated by, or expressly permitted by the Credit Documents, no material adverse changes have occurred in such consolidated financial condition from that shown in the Current Financials.

5.7 SOLVENCY. Borrower and Guarantor are each Solvent.

5.8 LITIGATION. Except as disclosed on SCHEDULE 5.8 and matters covered (subject to reasonable and customary deductible and retention) by insurance or indemnification agreements (a) no Company is subject to, or aware of the threat of, any Litigation that is reasonably likely to be determined adversely to any Company and, if so adversely determined, is a Material-Adverse Event, and (b) no outstanding and unpaid judgments against any Company exist that would be a Material-Adverse Event.

5.9 TAXES. Except where not a Material-Adverse Event (a) all Tax returns of each Company required to be filed have been filed (or extensions have been granted) before delinquency, and (b) all Taxes imposed upon each Company that are due and payable have been paid before delinquency except as being contested as permitted by SECTION 6.5.

5.10 ENVIRONMENTAL MATTERS. Except as disclosed on SCHEDULE 5.10 (a) no Company has received notice from any Governmental Authority that it has actual or potential Environmental Liability and no Company has knowledge that it has any Environmental Liability, which actual or potential Environmental Liability in either case constitutes a Material-Adverse Event, and (b) no Company has received notice from any Governmental Authority that any Real Property is affected by, and no Company has knowledge that any Real Property is affected by, any Release of any Hazardous Substance which constitutes a Material-Adverse Event.

5.11 EMPLOYEE PLANS. Except as disclosed on SCHEDULE 5.11 or where not a Material-Adverse Event (a) no Employee Plan subject to ERISA has incurred an "accumulated funding deficiency" (as defined in Section 302 of ERISA or Section 512 of the IRC), (b) neither Borrower nor any ERISA Affiliate has incurred liability -- except for liabilities for premiums that have been paid or that are not past due -- under ERISA to the PBGC in connection with any Employee Plan, (c) neither Borrower nor any ERISA Affiliate has withdrawn in whole or in part from participation in a Multiemployer Plan in a manner that has given rise to a withdrawal liability under Title IV of ERISA, (d) neither Borrower nor any ERISA Affiliate has engaged in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the IRC), (e) no "reportable event" (as defined in Section 4043 of ERISA) has occurred excluding events for which the notice requirement is waived under applicable PBGC regulations, (f) neither Borrower nor any ERISA Affiliate has any liability, or is subject to any Lien, under ERISA or the IRC to or on account of any Employee Plan, (g) each Employee Plan subject to ERISA and the IRC complies in all material respects, both in form and operation, with ERISA and the IRC, and (h) no Multiemployer Plan subject to the IRC is in reorganization within the meaning of Section 418 of the IRC. None of the matters disclosed on SCHEDULE 5.11 give rise to any other "reportable events," as defined above.

5.12 DEBT. No Company has any Debt except as described on SCHEDULE 5.12.

5.13 PROPERTIES; LIENS. Each Company has good and indefeasible title to all of its property reflected on the Current Financials as being owned by it except for property that is obsolete or that has been disposed of in the ordinary course of business between the date of the Current Financials and the date of this agreement or, after the date of this agreement, as permitted by SECTIONS 7.10 and 7.11. No Lien exists on any property of any Company except as described on SCHEDULE 5.13 and other Permitted Liens. Except for the Senior Notes, no Company is party or subject to any agreement, instrument, or order which in any way restricts any Company's ability to allow Liens to exist upon any of its assets except relating to Permitted Liens.

5.14 GOVERNMENT REGULATIONS. No Company is subject to regulation under the Investment Company Act of 1940 or the Public Utility Holding Company Act of 1935.

5.15 TRANSACTIONS WITH AFFILIATES. Except as otherwise disclosed on SCHEDULE 5.15 or permitted by SECTION 7.6, no Company is a party to a material transaction with any of its Affiliates.

5.16 LEASES. Except where not a Material-Adverse Event (a) each Company enjoys peaceful and undisturbed possession under all leases necessary for the operation of its properties and assets, and (b) all material leases under which any Company is a lessee are in full force and effect.

5.17 LABOR MATTERS. Except where not a Material-Adverse Event (a) no actual or threatened strikes, labor disputes, slow downs, walkouts, work stoppages, or other concerted interruptions of operations that involve any employees employed at any time in connection with the business activities or operations at the Real Property exist, (b) hours worked by and payment made to the employees of any Company or any Predecessor have not been in violation of the Fair Labor Standards Act or any other applicable Legal Requirements pertaining to labor matters, (c) all payments due from any Company for employee health and welfare insurance, including, without limitation, workers compensation insurance, have been paid or accrued as a liability on its books, (d) the business activities and operations of each Company are in compliance with OSHA and other applicable health and safety Legal Requirements.

5.18 INTELLECTUAL PROPERTY. Except where not a Material-Adverse Event (a) each Company owns or has the right to use all material licenses, patents, patent applications, copyrights, service marks, trademarks, trademark applications and trade names necessary to continue to conduct its businesses as presently conducted by it and proposed to be conducted by it immediately after the date of this agreement, (b) each Company is conducting its business without infringement or claim of infringement of any license, patent, copyright, service mark, trademark, trade name, trade secret or other intellectual property right of others, and (c) no infringement or claim of infringement by others of any material license, patent, copyright, service mark, trademark, trade name, trade secret or other intellectual property of any Company exists.

5.19 FULL DISCLOSURE. Each fact or condition relating to the Companies or to Borrower's or Guarantor's financial condition, business, or property that is a Material-Adverse Event has been disclosed in writing to Agent. All information previously furnished by any Company to Agent in connection with the Credit Documents was (and all information furnished in the future by any Company to Agent will be) true and accurate in all material respects or based on reasonable estimates on the date the information is stated or certified.

SECTION 6 AFFIRMATIVE COVENANTS. As long as any Lender is committed to lend under this agreement and until the Obligation has been fully paid and performed, Borrower covenants and agrees with Agent and Lenders that, without first obtaining Required Lenders' consent to the contrary:

6.1 CERTAIN ITEMS FURNISHED. Borrower shall cause the following to be furnished to each Lender:

(a) ANNUAL FINANCIALS. Promptly after preparation but no later than 90 days after the last day of each fiscal year of Parent, Financials showing the consolidated and consolidating financial condition and results of operations of Parent and its Subsidiaries as of, and for the year ended on, that last day, accompanied by (i) the opinion, without material qualification, of KPMG Peat Marwick LLP or other firm of nationally-recognized independent certified public accountants reasonably acceptable to Required Lenders, based on an audit using generally accepted auditing standards, that those Financials were prepared in accordance with GAAP and present fairly, in all material respects, the consolidated and consolidating financial condition and results of operations of Parent and its Subsidiaries, and (ii) a related Compliance Certificate.

(b) QUARTERLY FINANCIALS. Promptly after preparation but no later than 45 days after the last day of each of the first three fiscal quarters of Parent each year, Financials showing the consolidated and consolidating financial condition and results of operations of Parent and its Subsidiaries for that fiscal quarter and for the period from the beginning of the current fiscal year to the last day of that fiscal quarter, accompanied by a related Compliance Certificate.

(c) OTHER REPORTS. Promptly after preparation and distribution, accurate and complete copies of all reports and other material communications about material financial matters or material

corporate plans or projections by or for any Company for distribution to any Governmental Authority or any creditor, other than credit, trade, and other reports prepared and distributed in the ordinary course of business and information otherwise furnished to Agent and Lenders under this agreement.

(d) EMPLOYEE PLANS. As soon as possible and within 30 days after any Company knows that any event which would constitute a reportable event under Section 4043(b) of Title IV of ERISA with respect to any Employee Plan subject to ERISA has occurred, or that the PBGC has instituted or will institute proceedings under ERISA to terminate that plan, deliver a certificate of a Responsible Officer of Borrower setting forth details as to that reportable event and the action which Borrower or an ERISA Affiliate, as the case may be, proposes to take with respect to it, together with a copy of any notice of that reportable event which may be required to be filed with the PBGC, or any notice delivered by the PBGC evidencing its intent to institute those proceedings or any notice to the PBGC that the plan is to be terminated, as the case may be. For all purposes of this section, each Company is deemed to have all knowledge of all facts attributable to the plan administrator under ERISA.

(e) OTHER NOTICES. Notice, promptly after Borrower knows, of (i) the existence and status of any Litigation that is reasonably likely to be adversely determined and, if determined adversely to any Company, would be a Material-Adverse Event, (ii) any change in any material fact or circumstance represented or warranted by any Company in any Credit Document, (iii) an Event of Default or Potential Default, specifying the nature thereof and what action the Companies have taken, are taking, or propose to take.

(f) LIEN RELEASES. Within 90 days after the date of this agreement, evidence reasonably satisfactory to Agent that all Lien filings in respect of the Mortgage, Security Agreement and Fixture Filing (as renewed, extended, amended, supplemented, and assigned) dated as of February 28, 1990, from Guarantor, and originally in favor of NationsBank of Texas, N.A., as Trustee, have been terminated or released.

(g) OTHER INFORMATION. Promptly when reasonably requested by Agent or any Lender, such information (not otherwise required to be furnished under this agreement) about any Company's business affairs, assets, and liabilities.

6.2 USE OF CREDIT. Borrower shall use the proceeds of the Term Loan only for the purposes represented in this agreement.

6.3 BOOKS AND RECORDS. Each Company shall maintain books, records, and accounts necessary to prepare Financials in accordance with GAAP.

6.4 INSPECTIONS. Upon reasonable request and subject to compliance with applicable safety standards, with contractual privilege and non-disclosure agreements, and with the same conditions applicable to any Company in respect of property of that Company on the premises of other Persons, each Company shall allow Agent or any Lender (or their respective Representatives) to inspect any of its properties, to review reports, files, and other records and to make and take away copies thereof, to conduct reasonable tests or investigations, and to discuss any of its affairs, conditions, and finances with its other creditors, directors, officers, employees, or representatives from time to time, during reasonable business hours.

6.5 TAXES. Each Company shall promptly pay when due any and all Taxes except Taxes that are being contested in good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made, and in respect of which levy and execution of any Lien sufficient to be enforced has been and continues to be stayed.

6.6 PAYMENT OF OBLIGATION. Each Company shall promptly pay (or renew and extend) all of its material obligations as they become due (unless the obligations are being contested in good faith by, if required, appropriate proceedings).

6.7 EXPENSES. Within ten Business Days after demand accompanied by an invoice describing the costs, fees, and expenses in reasonable detail (and subject to any limitations separately agreed to in writing by Borrower and Agent in respect of costs, fees, and expenses of Agent or any of its Representatives), Borrower shall pay (a) all costs, fees, and reasonable expenses paid or incurred by Agent incident to any Credit Document (including, without limitation, the reasonable fees and expenses of Agent's counsel in connection with the negotiation, preparation, delivery, and execution of the Credit Documents and any related amendment, waiver, or consent) and (b) all reasonable costs and expenses incurred by Agent or any Lender in connection with the enforcement of the obligations of any Company under the Credit Documents or the exercise of any Rights under the Credit Documents (including, without limitation, reasonable allocated costs of in-house counsel, other reasonable attorneys' fees, and court costs), all of which are part of the Obligation, bearing interest, (if not paid within ten Business Days after demand accompanied by an invoice describing the costs, fees, and expenses in reasonable detail) on the portion thereof from time to time unpaid at the Default Rate until paid.

6.8 MAINTENANCE OF EXISTENCE, ASSETS, AND BUSINESS. Each Company shall (a) except in connection with dispositions permitted under SECTION 7.10 and mergers, consolidations, and dissolutions permitted under SECTION 7.11, maintain its existence and good standing in its state of formation, and (b) except where not a Material-Adverse Event (i) maintain its authority to transact business and good standing in all other states, (ii) maintain all licenses, permits, and franchises (including, without limitation, Environmental Permits) necessary for its business, and (iii) keep all of its material assets that are useful in and necessary to its business in good working order and condition (ordinary wear and tear excepted) and make all necessary repairs and replacements.

6.9 INSURANCE. Each Company shall, at its cost and expense, maintain with financially sound, responsible, and reputable insurance companies or associations (or, as to workers' compensation or similar insurance, with an insurance fund or by self-insurance authorized by the jurisdictions in which it operates) insurance concerning its properties (including, in the case of Borrower, the Fraktionators) and businesses against casualties and contingencies and of types and in amounts (and with co-insurance and deductibles) as is customary in the case of similar businesses.

6.10 ENVIRONMENTAL MATTERS. Each Company shall (a) operate and manage its businesses and otherwise conduct its affairs in compliance with all Environmental Laws and Environmental Permits except to the extent noncompliance does not constitute a Material-Adverse Event, (b) promptly deliver to Agent a copy of any notice received from any Governmental Authority alleging that any Company is not in compliance with any Environmental Law or Environmental Permit if the allegation constitutes a Material-Adverse Event, and (c) promptly deliver to Agent a copy of any notice received from any Governmental Authority alleging that any Company has any potential Environmental Liability if the allegation constitutes a Material-Adverse Event.

6.11 INDEMNIFICATION.

(a) AS USED IN THIS SECTION: (I) "INDEMNITEE" MEANS AGENT, EACH LENDER, EACH PRESENT AND FUTURE AFFILIATE (WITH WHOM BORROWER OR GUARANTOR HAS ENTERED INTO A WRITTEN CONTRACTUAL ARRANGEMENT) OF AGENT OR ANY LENDER, EACH PRESENT AND FUTURE REPRESENTATIVE OF AGENT, ANY LENDER, OR ANY OF THOSE AFFILIATES, AND EACH PRESENT AND FUTURE SUCCESSOR AND PERMITTED ASSIGN OF AGENT, ANY LENDER, OR ANY OF THOSE AFFILIATES OR REPRESENTATIVES; AND (II) "INDEMNIFIED LIABILITIES" MEANS ALL PRESENT AND FUTURE, KNOWN AND UNKNOWN, FIXED AND CONTINGENT, ADMINISTRATIVE, INVESTIGATIVE, JUDICIAL, AND OTHER CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, INVESTIGATIONS, SUITS, PROCEEDINGS, AMOUNTS PAID IN SETTLEMENT, DAMAGES, JUDGMENTS, PENALTIES, COURT COSTS, LIABILITIES, AND OBLIGATIONS -- AND ALL PRESENT AND FUTURE COSTS AND REASONABLE EXPENSES, AND DISBURSEMENTS (INCLUDING, WITHOUT LIMITATION, ALL REASONABLE ATTORNEYS' FEES AND EXPENSES WHETHER OR NOT SUIT OR OTHER PROCEEDING EXISTS OR ANY INDEMNITEE IS PARTY TO ANY SUIT OR OTHER PROCEEDING) IN ANY WAY RELATED TO ANY OF THE FOREGOING -- THAT MAY AT ANY TIME BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST ANY INDEMNITEE AND IN ANY WAY ARISING

OUT OF ANY (A) CREDIT DOCUMENT, TRANSACTION CONTEMPLATED BY ANY CREDIT DOCUMENT, OR REAL PROPERTY, (B) ENVIRONMENTAL LIABILITY IN ANY WAY RELATED TO ANY COMPANY, PREDECESSOR, REAL PROPERTY, OR ACT, OMISSION, STATUS, OWNERSHIP, OR OTHER RELATIONSHIP, CONDITION, OR CIRCUMSTANCE CONTEMPLATED BY, CREATED UNDER, OR ARISING PURSUANT TO OR IN CONNECTION WITH ANY CREDIT DOCUMENT, OR (C) INDEMNITEE'S SOLE OR CONCURRENT ORDINARY NEGLIGENCE.

(b) BORROWER SHALL INDEMNIFY EACH INDEMNITEE FROM AND AGAINST, PROTECT AND DEFEND EACH INDEMNITEE FROM AND AGAINST, HOLD EACH INDEMNITEE HARMLESS FROM AND AGAINST, AND ON DEMAND PAY OR REIMBURSE EACH INDEMNITEE FOR, ALL INDEMNIFIED LIABILITIES.

(c) THE FOREGOING PROVISIONS (I) ARE NOT LIMITED IN AMOUNT EVEN IF THAT AMOUNT EXCEEDS THE OBLIGATION, (II) INCLUDE, WITHOUT LIMITATION, REASONABLE FEES AND EXPENSES OF ATTORNEYS AND OTHER COSTS AND EXPENSES OF LITIGATION OR PREPARING FOR LITIGATION AND DAMAGES OR INJURY TO PERSONS, PROPERTY, OR NATURAL RESOURCES ARISING UNDER ANY STATUTORY OR COMMON LEGAL REQUIREMENT, PUNITIVE DAMAGES, FINES, AND OTHER PENALTIES, AND (III) ARE NOT AFFECTED BY THE SOURCE OR ORIGIN OF ANY HAZARDOUS SUBSTANCE, AND (IV) ARE NOT AFFECTED BY ANY INDEMNITEE'S INVESTIGATION, ACTUAL OR CONSTRUCTIVE KNOWLEDGE, COURSE OF DEALING, OR WAIVER.

(d) HOWEVER, NO INDEMNITEE IS ENTITLED TO BE INDEMNIFIED UNDER THE CREDIT DOCUMENTS FOR ITS OWN GROSS NEGLIGENCE OR WILFUL MISCONDUCT.

(e) THE PROVISIONS OF AND INDEMNIFICATION AND OTHER UNDERTAKINGS UNDER THIS SECTION SURVIVE THE SALE OR OTHER TRANSFER OF ANY REAL PROPERTY TO ANY PERSON, THE SATISFACTION OF THE OBLIGATION, AND THE TERMINATION OF THE CREDIT DOCUMENTS FOR ONE YEAR.

SECTION 7 NEGATIVE COVENANTS. As long as any Lender is committed to lend under this agreement and until the Obligation has been fully paid and performed, Borrower covenants and agrees with Agent and Lenders that, without first obtaining Required Lenders' consent to the contrary the Companies designated in the following sections of this SECTION 7 may not directly or indirectly do any of the following or commit (other than a commitment that is not binding on any Company until any prior written consent of Required Lenders is first obtained) to do any of the following:

7.1 DEBT. No Company may have any Debt except the following (the "PERMITTED DEBT"):

(a) OBLIGATION. The Obligation and Guaranty under this agreement.

(b) EXISTING DEBT. The Debt described on SCHEDULE 5.12 (other than any such Debt that is described on that schedule as to be paid with the proceeds of the Term Loan), together with all renewals, extensions, amendments, modifications, and refinancings of (but not any principal increases to) any of that Debt.

(c) INTERCOMPANY. Debt of Borrower to Guarantor or of Guarantor to Borrower.

(d) OTHER DEBT OF GUARANTOR. Other Debt of Guarantor that shall not exceed \$10,000,000 total- principal amount outstanding, together with renewals, extensions, amendments, modifications, and refinancings of that Debt subject to the foregoing limitations of this CLAUSE (D).

(e) HEDGING AGREEMENTS. Solely in respect of Guarantor, Hedging Agreements.

7.2 SENIOR NOTES. No Company may amend or modify the terms of the Senior Notes or the related Indenture except as permitted by the express terms thereof without the consent of the holders thereof.

7.3 PREPAYMENTS. No Company may prepay or redeem or cause to be prepaid or redeemed any principal of, or any interest on, any of its Debt except (a) the Obligation and (b) any of its other Debt if (i) no Event of Default or Potential Default exists immediately before, or will occur as a result of (or otherwise will exist immediately after), the prepayment or redemption, and (ii) in respect of any prepayment or redemption of the Senior Notes, Borrower concurrently prepays to Lenders an amount of Principal Debt that is in the same proportion to the amount of Principal Debt concurrent with or before that prepayment as the amount of principal of the Senior Notes then being prepaid or redeemed bears to the total principal amount of the Senior Notes immediately before that prepayment or redemption.

7.4 LIENS. No Company may (a) create, incur, or suffer or permit to be created or incurred or to exist any Lien upon any of its assets except Permitted Liens or (b) enter into or permit to exist any arrangement or agreement that directly or indirectly prohibits any Company from creating or incurring any Lien on any of its assets except (i) the Credit Documents, (ii) any lease that places a Lien prohibition on only the property subject to that lease, and (iii) arrangements and agreements that apply only to property subject to Permitted Liens. The following are "PERMITTED LIENS":

(a) EXISTING LIENS. The existing Liens that are described on SCHEDULE 5.13 (to the extent that such schedule does not indicate they are to be extinguished as a condition precedent to, or concurrent with, the disbursement of the Term Loan under this agreement) and all renewals, extensions, amendments, and modifications of any of them to the extent that the total-principal amount each individually secures never exceeds the total-principal amount secured by it on the date of this agreement.

(b) THIS TRANSACTION. Liens, if any, ever granted to Agent in favor of Lenders to secure all of any part of the Obligation.

(c) SETOFFS. Subject to any limitations imposed upon them in the Credit Documents, rights of set off or recoupment and banker's Liens.

(d) INSURANCE. Pledges or deposits made to secure payment of workers' compensation, unemployment insurance, or other forms of governmental insurance or benefits or to participate in any fund in connection with workers' compensation, unemployment insurance, pensions, or other social security programs.

(e) BIDS AND BONDS. Good-faith pledges or deposits (i) for 10% or less of the amounts due under (and made to secure) any Company's performance of bids, tenders, contracts (except for the repayment of borrowed money), (ii) in respect of any operating lease, that are for up to but not more than the greater of either 10% of the total rental obligations for the term of the lease or 50% of the total rental obligations payable during the first year of the lease, or (iii) made to secure statutory obligations, surety or appeal bonds, or indemnity, performance, or other similar bonds benefitting any Company in the ordinary course of its business.

(f) PROPERTY RESTRICTIONS. Zoning and similar restrictions on the use of, and easements, restrictions, covenants, title defects, and similar encumbrances on, Real Property that do not materially impair the use of the Real Property and that are not violated by existing or proposed structures or land use.

(g) INCHOATE LIENS. If no Lien has been filed in any jurisdiction or agreed to (i) claims and Liens for Taxes not yet due and payable, (ii) mechanic's Liens and materialman's Liens for services or materials and similar Liens incident to construction and maintenance of real property, in each case for which payment is not yet due and payable, (iii) landlord's Liens for rental not yet due and payable, and (iv) Liens of warehousemen and carriers and similar Liens securing obligations that are not yet due and payable.

(h) MISCELLANEOUS. Any of the following to the extent that the validity or amount is being contested in good faith and by appropriate and lawful proceedings diligently conducted, reserve or other appropriate provision (if any) required by GAAP has been made, levy and execution has not issued or continues to be stayed, and they do not individually or collectively detract materially from the value of the property of the Person in question or materially impair the use of that property in the operation of its business: (i) Claims and Liens for Taxes; (ii) claims and Liens upon, and defects of title to, real or personal property, including any attachment of personal or real property or other legal process before adjudication of a dispute on the merits; (iii) claims and Liens of mechanics, materialmen, warehousemen, carriers, landlords, or other like Liens; (iv) Liens incident to construction and maintenance of real property; and (v) adverse judgments, attachments, or orders on appeal for the payment of money.

7.5 EMPLOYEE PLANS. Except as disclosed on SCHEDULE 5.11 or where not a Material-Adverse Event, no Company may permit any of the events or circumstances described in SECTION 5.11 to exist or occur.

7.6 TRANSACTIONS WITH AFFILIATES. No Company may enter into any material transaction with any of its Affiliates except (a) those described on SCHEDULE 5.15, (b) transactions between Borrower and Guarantor, (c) transactions permitted under SECTIONS 7.1 or 7.8, (d) transactions in the ordinary course of business and upon fair and reasonable terms not materially less favorable than it could obtain or could become entitled to in an arm's-length transaction with a Person that was not its Affiliate, and (e) compensation arrangements in the ordinary course of business with directors and officers of the Companies.

7.7 COMPLIANCE WITH LEGAL REQUIREMENTS AND DOCUMENTS. No Company may (a) violate the provisions of any Legal Requirements (including, without limitation, OSHA and Environmental Laws) applicable to it or of any material agreement to which it is a party if that violation alone, or when aggregated with all other violations, would be a Material-Adverse Event, (b) violate in any material respect any provision of its Constituent Documents, or (c) repeal, replace, or amend any provision of its Constituent Documents if that action would be a Material-Adverse Event.

7.8 INVESTMENTS. No Company may make any Investments except the following (the "PERMITTED INVESTMENTS"):

(a) INVESTMENT POLICY. Investments specifically permitted by General Partner's short-term cash and long-term investment policies, true and correct copies of which have been provided to Agent as they are from time to time in effect.

(b) INTERCOMPANY. Investments by Borrower in Guarantor or by Guarantor in Borrower.

For purposes of this SECTION 7, the total amount outstanding of any Investment by any Person in any other Person is to be determined net of repayments and dividends to, and sales of securities of the second Person by, the first Person.

7.9 DISTRIBUTIONS. No Company may declare, make, or pay any Distribution except (i) Distributions by any Subsidiary of Borrower to Borrower or by any Subsidiary of Guarantor to Guarantor, and (ii) other Distributions by Guarantor pursuant to the provisions of its limited partnership agreement as they are in effect on the date of this agreement.

7.10 DISPOSITION OF ASSETS. No Company may sell, assign, lease, transfer, or otherwise dispose of any of its assets (including equity interests in any other Company) except:

(a) BORROWER. Any such disposition by Borrower of either Fractionator so long as Borrower makes the mandatory prepayment of the Obligation required by SECTION 3.2.

(b) GUARANTOR. Any such disposition by Guarantor (i) in the ordinary course of business for a fair and adequate consideration, (ii) of assets that are either obsolete or no longer in use and that are not significant to the continuation of Guarantor's business or unnecessary to its business operations, (iii) to Borrower, and (iv) of other assets, the net proceeds of which shall not exceed \$25,000,000 in the aggregate.

7.11 MERGERS, CONSOLIDATIONS, AND DISSOLUTIONS. No Company may merge or consolidate with any other Person or dissolve except (a) if no Event of Default or Potential Default exists or will exist as a result of it, any merger or consolidation, between Companies (so long as, if Guarantor is involved, it is the survivor, and if Borrower is involved other than with Guarantor, it is the survivor), and (b) dissolution of any Company (other than Borrower or Guarantor) if substantially all of its assets have been conveyed to any other Company or disposed of as permitted in SECTION 7.10.

7.12 ASSIGNMENT. No Company may assign or transfer any of its Rights, duties, or obligations under any of the Credit Documents.

7.13 FISCAL YEAR AND ACCOUNTING METHODS. No Company may change its fiscal year for accounting purposes or any material aspect of its method of accounting except to conform any new Subsidiary's accounting methods to Parent's accounting methods.

7.14 NEW BUSINESSES. No Company may engage in any business except the businesses in which it is presently engaged and any other reasonably related business.

7.15 GOVERNMENT REGULATIONS. No Company may conduct its business in a way that it becomes regulated under the Investment Company Act of 1940 or the Public Utility Holding Company Act of 1935.

7.16 STRICT COMPLIANCE. No Company may indirectly do anything that it may not directly do under any covenant in any Credit Document.

SECTION 8 FINANCIAL COVENANTS. As long as any Lender is committed to lend under this agreement and until the Obligation has been fully paid and performed, Borrower covenants and agrees with Agent and Lenders that, without first obtaining Required Lenders' consent to the contrary, the following may not occur or exist as applicable to Parent and its Subsidiaries and as determined as of the last day of each fiscal quarter of Parent:

8.1 LEVERAGE RATIO. The ratio of Debt to the sum of Tangible Net Worth plus Debt may never exceed the following, as applicable:

Quarter(s) Ending	Ratio
06/30/98 through 03/31/99	0.68 to 1.00
06/30/99 and thereafter	0.65 to 1.00

8.2 DEBT/EBITDA. The ratio of Debt to EBITDA (for the four-quarterly period ending on that last day) may never exceed the following, as applicable:

Quarter(s) Ending	Ratio
06/30/98 through 03/31/99	4.25 to 1.00
06/30/99 and thereafter	4.00 to 1.00

SECTION 9 EVENTS OF DEFAULT. The term "EVENT OF DEFAULT" means the occurrence of any one or more of the following:

9.1 PAYMENT OF OBLIGATION. Borrower's failure or refusal to pay (a) principal of any Note on or before the date due or (b) any other part of the Obligation on or before three Business Days after the date due.

9.2 COVENANTS. Any Company's failure or refusal to punctually and properly perform, observe, and comply with any covenant (other than covenants to pay the Obligation) applicable to it:

(a) In SECTIONS 7 or 8; or

(b) In SECTION 6.1, and that failure or refusal continues for ten days after the earlier of either any Company knows of it or any Company is notified of it by Agent or any Lender; or

(c) In any other provision of any Credit Document, and that failure or refusal continues for 30 days after the earlier of either any Company knows of it or any Company is notified of it by Agent or any Lender; or

9.3 DEBTOR RELIEF. Any Borrower, Guarantor, or Parent (a) is not Solvent, (b) fails to pay its Debts generally as they become due, (c) voluntarily seeks, consents to, or acquiesces in the benefit of any Debtor Relief Legal Requirement, or (d) becomes a party to or is made the subject of any proceeding (except as a creditor or claimant) provided for by any Debtor Law (unless, if the proceeding is involuntary, the applicable petition is dismissed within 60 days after its filing).

9.4 JUDGMENTS AND ATTACHMENTS. Where the amounts in controversy or of any judgments, as the case may be, exceed -- from and after the Closing Date and individually or collectively for all of the Companies -- \$1,000,000 for Borrower or \$25,000,000 for Guarantor, either such Company fails (a) to have discharged, within 60 days after its commencement, any attachment, sequestration, or similar proceeding against any of its assets or (b) to pay any money judgment against it within ten days before the date on which any of its assets may be lawfully sold to satisfy that judgment.

9.5 GOVERNMENT ACTION. Where it is a Material-Adverse Event (a) a final non-appealable order is issued by any Governmental Authority (including, but not limited to, the United States Justice Department) seeking to cause any Company to divest a significant portion of its assets under any antitrust, restraint of trade, unfair competition, industry regulation, or similar Legal Requirements, or (b) any Governmental Authority condemns, seizes, or otherwise appropriates, or takes custody or control of all or any substantial portion of any Company's assets.

9.6 MISREPRESENTATION. Any representation or warranty made by any Company in any Credit Document at any time proves to have been materially incorrect when made.

9.7 CHANGE OF CONTROL. Any one or more of the following occurs or exists: (a) Guarantor ceases to be the managing member of Borrower; (b) Parent ceases to own at least 98.9899% of the limited partner interests in Guarantor; or (c) Texas Eastern Products Pipeline Company or any other Subsidiary of Duke Energy Corporation ceases to be the sole general partner of either Parent or Guarantor or both.

9.8 OTHER DEBT. In respect of any Senior Notes or in respect of any other Debt owed by any Company (other than the Obligation) individually or collectively of at least \$10,000,000 (a) any Company fails to make any payment when due (inclusive of any grace, extension, forbearance, or similar period), or (b) any default or other event or condition occurs or exists beyond the applicable grace or cure period, the effect of which is to cause or to permit any holder of that Debt to cause (whether or not it elects to cause) any of that Debt to become due before its stated maturity or regularly scheduled payment dates, or (c) any of that Debt is declared to be due and payable or required to be prepaid by any Company before its stated maturity.

9.9 VALIDITY AND ENFORCEABILITY. Once executed, this agreement, any Note or the Guaranty ceases to be in full force and effect in any material respect or is declared to be null and void or its validity or enforceability is contested in writing by any Company party to it or any Company party to it denies in writing that it has any further liability or obligations under it except in accordance with that document's express provisions or as the appropriate parties under SECTION 12.8 below may otherwise agree in writing.

SECTION 10 RIGHTS AND REMEDIES.

10.1 REMEDIES UPON EVENT OF DEFAULT.

(a) DEBTOR RELIEF. If an Event of Default exists under SECTION 9.3, the commitment to extend credit under this agreement automatically terminates, the entire unpaid balance of the Principal Debt and an accrued and unpaid portion of the remaining Obligation automatically becomes due and payable without any action of any kind whatsoever.

(b) OTHER EVENTS OF DEFAULT. If any Event of Default exists, subject to the terms of SECTION 11.5(B), Agent may (with the consent of, and must, upon the request of, Required Lenders), upon notice to Borrower, do any one or more of the following: (i) If the maturity of the Obligation has not already been accelerated under SECTION 10.1(A), declare the entire unpaid balance of all or any part of the Principal Debt and an accrued and unpaid portion of the remaining Obligation immediately due and payable, whereupon it is due and payable; (ii) terminate the commitments of Lenders to extend credit under this agreement; (iii) reduce any claim to judgment; and (iv) exercise any and all other legal or equitable Rights afforded by the Credit Documents, by applicable Legal Requirements, or in equity.

(c) OFFSET. If an Event of Default exists, to the extent lawful, upon notice to Borrower, each Lender may exercise the Rights of offset and banker's lien against each and every account and other property, or any interest therein, which Borrower may now or hereafter have with, or which is now or hereafter in the possession of, that Lender to the extent of the full amount of the Obligation then matured and owed to that Lender.

10.2 COMPANY WAIVERS. To the extent lawful, Borrower waives all other presentment and demand for payment, protest, notice of intention to accelerate, notice of acceleration, and notice of protest and nonpayment, and agrees that its liability with respect to all or any part of the Obligation is not affected by any renewal or extension in the time of payment of all or any part of the Obligation, by any indulgence, or by any release or change in any security for the payment of all or any part of the Obligation.

10.3 NOT IN CONTROL. Nothing in any Credit Documents gives or may be deemed to give to Agent or any Lender the Right to exercise control over any Company's Real Property, other assets, affairs, or management or to preclude or interfere with any Company's compliance with any Legal Requirement or require any act or omission by any Company that may be harmful to Persons or property. Any "Material-

Adverse Event" or other materiality or substantiality qualifier of any representation, warranty, covenant, agreement, or other provision of any Credit Document is included for credit documentation purposes only and does not imply or be deemed to mean that Agent or any Lender acquiesces in any non-compliance by any Company with any Legal Requirement, document, or otherwise or does not expect the Companies to promptly, diligently, and continuously carry out all appropriate removal, remediation, compliance, closure, or other activities required or appropriate in accordance with all Environmental Laws. Agent's and Lenders' power is limited to the Rights provided in the Credit Documents. All of those Rights exist solely (and may be exercised in manner calculated by Agent or Lenders in their respective good faith business judgment) to assure payment and performance of the Obligation.

10.4 COURSE OF DEALING. The acceptance by Agent or Lenders of any partial payment on the Obligation is not a waiver of any Event of Default then existing. No waiver by Agent, Required Lenders, or Lenders of any Event of Default is a waiver of any other then-existing or subsequent Event of Default. No delay or omission by Agent, Required Lenders, or Lenders in exercising any Right under the Credit Documents impairs that Right or is a waiver thereof or any acquiescence therein, nor will any single or partial exercise of any Right preclude other or further exercise thereof or the exercise of any other Right under the Credit Documents or otherwise.

10.5 CUMULATIVE RIGHTS. All Rights available to Agent, Required Lenders, and Lenders under the Credit Documents are cumulative of and in addition to all other Rights granted to Agent, Required Lenders, and Lenders at law or in equity, whether or not the Obligation are due and payable and whether or not Agent, Required Lenders, or Lenders have instituted any suit for collection, foreclosure, or other action in connection with the Credit Documents.

10.6 APPLICATION OF PROCEEDS. Any and all proceeds ever received by Agent or Lenders from the exercise of any Rights pertaining to the Obligation shall be applied to the Obligation according to SECTION 3.

10.7 EXPENDITURES BY LENDERS. Any costs and reasonable expenses spent or incurred by Agent or any Lender in the exercise of any Right under any Credit Document is payable by Borrower to Agent within ten Business Days after it has given demand and copies of supporting invoices or statements (if any), becomes part of the Obligation, and bears interest at the Default Rate from the date spent until the date repaid.

10.8 LIMITATION OF LIABILITY. No Agent or Lender shall be liable to any Company for any amounts representing indirect, special, or consequential damages suffered by any Company, except where such amounts are based substantially on willful misconduct by that Agent or that Lender, but then only to the extent any damages resulting from such willful misconduct are covered by that Agent's and that Lenders' fidelity bond or other insurance.

SECTION 11 AGENT AND LENDERS.

11.1 AGENT.

(a) APPOINTMENT. Each Lender appoints Agent (including, without limitation, each successor Agent in accordance with this SECTION 11) as its nominee and agent to act in its name and on its behalf (and Agent and each such successor accepts that appointment): (i) To act as its nominee and on its behalf in and under all Credit Documents; (ii) to arrange the means whereby its funds are to be made available to Borrower under the Credit Documents; (iii) to take any action that it properly requests under the Credit Documents (subject to the concurrence of other Lenders as may be required under the Credit Documents); (iv) to receive all documents and items to be furnished to it under the Credit Documents; (v) to be the secured party, mortgagee, beneficiary, recipient, and similar party in respect of collateral, if any, for the benefit of Lenders; (vi) to promptly distribute to it all material information, requests, documents, and items received from Borrower under the Credit Documents; (vii) to promptly distribute to it its ratable part of each payment or prepayment (whether

voluntary, as proceeds of collateral upon or after foreclosure, as proceeds of insurance thereon, or otherwise) in accordance with the terms of the Credit Documents; and (viii) to deliver to the appropriate Persons requests, demands, approvals, and consents received from it. However, Agent may not be required to take any action that exposes it to personal liability or that is contrary to any Credit Document or applicable Legal Requirement.

(b) SUCCESSOR. Agent may, subject to Borrower's prior written consent that may not be unreasonably withheld, assign all of its Rights and obligations as Agent under the Credit Documents to any of its Affiliates, which Affiliate shall then be the successor Agent under the Credit Documents. Agent may also, upon 30 days prior notice to Borrower, voluntarily resign. If the initial or any successor Agent ever ceases to be a party to this agreement or if the initial or any successor Agent ever resigns then Required Lenders shall (which, if no Event of Default or Potential Default exists, is subject to Borrower's approval that may not be unreasonably withheld) appoint the successor Agent from among Lenders (other than the resigning Agent). If Required Lenders fail to appoint a successor Agent within 30 days after the resigning Agent has given notice of resignation, then the resigning Agent may, on behalf of Lenders, upon 30 days prior notice to Borrower, appoint a successor Agent, which must be a commercial bank having a combined capital and surplus of at least \$1,000,000,000 (as shown on its most recently published statement of condition). Upon its acceptance of appointment as successor Agent, the successor Agent succeeds to and becomes vested with all of the Rights of the prior Agent, and the prior Agent is discharged from its duties and obligations of Agent under the Credit Documents, and each Lender shall execute the documents that any Lender, the resigning Agent, or the successor Agent reasonably request to reflect the change. After any Agent's resignation as Agent under the Credit Documents, the provisions of this section inure to its benefit as to any actions taken or not taken by it while it was Agent under the Credit Documents.

(c) RIGHTS AS LENDER. Agent, in its capacity as a Lender, has the same Rights under the Credit Documents as any other Lender and may exercise those Rights as if it were not acting as Agent. The term "Lender", unless the context otherwise indicates, includes Agent. Agent's resignation or removal does not impair or otherwise affect any Rights that it has or may have in its capacity as an individual Lender. Each Lender and Borrower agree that Agent is not a fiduciary for Lenders or for Borrower but is simply acting in the capacity described in this agreement to alleviate administrative burdens for Borrower and Lenders, that Agent has no duties or responsibilities to Lenders or Borrower except those expressly set forth in the Credit Documents, and that Agent in its capacity as a Lender has the same Rights as any other Lender.

(d) OTHER ACTIVITIES. Agent or any Lender may now or in the future be engaged in one or more loan, letter of credit, leasing, or other financing transactions with Borrower, act as trustee or depository for Borrower, or otherwise be engaged in other transactions with Borrower (collectively, the "OTHER ACTIVITIES") not the subject of the Credit Documents. Without limiting the Rights of Lenders specifically set forth in the Credit Documents, neither Agent nor any Lender is responsible to account to the other Lenders for those other activities, and no Lender shall have any interest in any other Lender's activities, any present or future guaranties by or for the account of Borrower that are not contemplated by or included in the Credit Documents, any present or future offset exercised by Agent or any Lender in respect of those other activities, any present or future property taken as security for any of those other activities, or any property now or hereafter in Agent's or any other Lender's possession or control that may be or become security for the obligations of Borrower arising under the Credit Documents by reason of the general description of indebtedness secured or of property contained in any other agreements, documents, or instruments related to any of those other activities (but, if any payments in respect of those guaranties or that property or the proceeds thereof is applied by Agent or any Lender to reduce the Obligation, then each Lender is entitled to share ratably in the application as provided in the Credit Documents).

11.2 EXPENSES. Each Lender shall pay its Commitment Percentage of any reasonable expenses (including court costs, reasonable attorneys' fees and other costs of collection) incurred by Agent or in

connection with any of the Credit Documents if Agent is not reimbursed from other sources within 30 days after incurrence. Each Lender is entitled to receive its Commitment Percentage of any reimbursement that it makes to Agent if Agent is subsequently reimbursed from other sources.

11.3 PROPORTIONATE ABSORPTION OF LOSSES. Except as otherwise provided in the Credit Documents, nothing in the Credit Documents gives any Lender any advantage over any other Lender insofar as the Obligation is concerned or relieves any Lender from ratably absorbing any losses sustained with respect to the Obligation (except to the extent unilateral actions or inactions by any Lender result in Borrower or any other obligor on the Obligation having any credit, allowance, setoff, defense, or counterclaim solely with respect to all or any part of that Lender's part of the Obligation).

11.4 DELEGATION OF DUTIES; RELIANCE. Lenders may perform any of their duties or exercise any of their Rights under the Credit Documents by or through Agent, and Lenders and Agent may perform any of their duties or exercise any of their Rights under the Credit Documents by or through their respective Representatives. Agent, Lenders, and their respective Representatives (a) are entitled to rely upon (and shall be protected in relying upon) any written or oral statement believed by it or them to be genuine and correct and to have been signed or made by the proper Person and, with respect to legal matters, upon opinion of counsel selected by Agent or that Lender (but nothing in this CLAUSE (A) permits Agent to rely on (i) oral statements if a writing is required by this agreement or (ii) any other writing if a specific writing is required by this agreement), (b) are entitled to deem and treat each Lender as the owner and holder of its portion of the Obligation for all purposes until, written notice of the assignment or transfer is given to and received by Agent (and any request, authorization, consent, or approval of any Lender is conclusive and binding on each subsequent holder, assignee, or transferee of or Participant in that Lender's portion of the Obligation until that notice is given and received), (c) are not deemed to have notice of the occurrence of an Event of Default unless a responsible officer of Agent, who handles matters associated with the Credit Documents and transactions thereunder, has actual knowledge or Agent has been notified by a Lender or Borrower, and (d) are entitled to consult with legal counsel (including counsel for Borrower), independent accountants, and other experts selected by Agent and are not liable for any action taken or not taken in good faith by it in accordance with the advice of counsel, accountants, or experts.

11.5 LIMITATION OF AGENT'S LIABILITY.

(a) EXCULPATION. Neither Agent nor any of its Affiliates or Representatives will be liable to any Lender for any action taken or omitted to be taken by it or them under the Credit Documents in good faith and believed by it or them to be within the discretion or power conferred upon it or them by the Credit Documents or be responsible for the consequences of any error of judgment (except for gross negligence or willful misconduct), and neither Agent nor any of its Affiliates or Representatives has a fiduciary relationship with any Lender by virtue of the Credit Documents (but nothing in this agreement negates the obligation of Agent to account for funds received by it for the account of any Lender).

(b) INDEMNITY. Unless indemnified to its satisfaction against loss, cost, liability, and expense, Agent may not be compelled to do any act under the Credit Documents or to take any action toward the execution or enforcement of the powers thereby created or to prosecute or defend any suit in respect of the Credit Documents. If Agent requests instructions from Lenders, or Required Lenders, as the case may be, with respect to any act or action in connection with any Credit Document, Agent is entitled to refrain (without incurring any liability to any Person by so refraining) from that act or action unless and until it has received instructions. In no event, however, may Agent or any of its Representatives be required to take any action that it or they determine could incur for it or them criminal or onerous civil liability. Without limiting the generality of the foregoing, no Lender has any right of action against Agent as a result of Agent's acting or refraining from acting under this agreement in accordance with instructions of Required Lenders.

(c) RELIANCE. Agent is not responsible to any Lender or any Participant for, and each Lender represents and warrants that it has not relied upon Agent in respect of, (i) the creditworthiness of Parent or any Company and the risks involved to that Lender, (ii) the effectiveness, enforceability, genuineness, validity, or the due execution of any Credit Document, (iii) any representation, warranty, document, certificate, report, or statement made therein or furnished thereunder or in connection therewith, (iv) the adequacy of any collateral now or hereafter securing the Obligation or the existence, priority, or perfection of any Lien now or hereafter granted or purported to be granted on the collateral under any Credit Document, or (v) observation of or compliance with any of the terms, covenants, or conditions of any Credit Document on the part of Parent or any Company. EACH LENDER AGREES TO INDEMNIFY AGENT AND ITS REPRESENTATIVES AND HOLD THEM HARMLESS FROM AND AGAINST (BUT LIMITED TO SUCH LENDER'S COMMITMENT PERCENTAGE OF) ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, REASONABLE EXPENSES, AND REASONABLE DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER THAT MAY BE IMPOSED ON, ASSERTED AGAINST, OR INCURRED BY THEM IN ANY WAY RELATING TO OR ARISING OUT OF THE CREDIT DOCUMENTS OR ANY ACTION TAKEN OR OMITTED BY THEM UNDER THE CREDIT DOCUMENTS IF AGENT AND ITS REPRESENTATIVES ARE NOT REIMBURSED FOR SUCH AMOUNTS BY ANY COMPANY. ALTHOUGH AGENT AND ITS REPRESENTATIVES HAVE THE RIGHT TO BE INDEMNIFIED UNDER THIS AGREEMENT BY LENDERS FOR ITS OR THEIR OWN ORDINARY NEGLIGENCE, AGENT AND ITS REPRESENTATIVES DO NOT HAVE THE RIGHT TO BE INDEMNIFIED UNDER THIS AGREEMENT FOR ITS OR THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

11.6 EVENT OF DEFAULT. While an Event of Default exists, Lenders agree to promptly confer in order that Required Lenders or Lenders, as the case may be, may agree upon a course of action for the enforcement of the Rights of Lenders. Agent is entitled to act or refrain from taking any action (without incurring any liability to any Person for so acting or refraining) unless and until it has received instructions from Required Lenders. In actions with respect to any Company's property, Agent is acting for the ratable benefit of each Lender.

11.7 LIMITATION OF LIABILITY. No Lender or any Participant will incur any liability to any other Lender or Participant except for acts or omissions in bad faith, and neither Agent nor any Lender or Participant will incur any liability to any other Person for any act or omission of any other Lender or any Participant.

11.8 RELATIONSHIP OF LENDERS. The Credit Documents do not create a partnership or joint venture among Agent and Lenders or among Lenders.

11.9 BENEFITS OF AGREEMENT. None of the provisions of this section inure to the benefit of any Company or any other Person except Agent and Lenders. Therefore, no Company or any other Person is responsible or liable for, entitled to rely upon, or entitled to raise as a defense, in any manner whatsoever, the failure of Agent or any Lender to comply with these provisions.

SECTION 12 MISCELLANEOUS.

12.1 NONBUSINESS DAYS. Any payment or action that is due under any Credit Document on a non-Business Day may be delayed until the next-succeeding Business Day (but interest accrues on any payment until it is made).

12.2 COMMUNICATIONS. Unless otherwise specified, any communication from one party to another under any Credit Document must be in writing (which may be by fax) to be effective and is deemed given (a) if by fax, when transmitted to the appropriate fax number (which, without affecting the date when deemed given, must be promptly confirmed by telephone), (b) if by mail, on the third Business Day after it is enclosed in an envelope and properly addressed, stamped, sealed, and deposited in the appropriate official postal service, or (c) if by any other means, when actually delivered. Until changed by notice under this agreement, the

address, fax number, and telephone number for Borrower and Agent are stated beside their respective signatures to this agreement and for each Lender are stated beside its name on SCHEDULE 2.

12.3 FORM AND NUMBER. The form, substance, and number of counterparts of each writing to be furnished under this agreement must be satisfactory to Agent and Borrower.

12.4 EXCEPTIONS. An exception to any Credit Document covenant or agreement does not permit violation of any other Credit Document covenant or agreement.

12.5 SURVIVAL. All Credit Document provisions survive all closings and are not affected by any investigation by any party.

12.6 GOVERNING LAW. Unless otherwise specified, each Credit Document must be construed, and its performance enforced, under the Laws of the State of Texas and the United States of America.

12.7 INVALID PROVISIONS. If any provision of a Credit Document is judicially determined to be unenforceable, then all other provisions of it remain enforceable. If the provision determined to be unenforceable is a material part of that Credit Document, then, to the extent lawful, it shall be replaced by a judicially-construed provision that is enforceable but otherwise as similar in substance and content to the original provision as the context of it reasonably allows.

12.8 AMENDMENTS, SUPPLEMENTS, WAIVERS, CONSENTS, AND CONFLICTS.

(a) ALL LENDERS. Any amendment or supplement to, or waiver or consent under, any Credit Document that purports to accomplish any of the following must be by a writing executed by Borrower and executed (or approved in writing, as the case may be) by all Lenders: (i) Extends the due date for, decreases the amount or rate of calculation of, or waives the late or non-payment of, any scheduled payment or mandatory prepayment of principal or interest of any of the Obligation or any fees payable ratably to Lenders under the Credit Documents, except, in each case, any adjustments or reductions that are contemplated by any Credit Document; (ii) changes the definition of "COMMITMENT," "COMMITMENT PERCENTAGE," "DEFAULT PERCENTAGE," or "REQUIRED LENDERS"; (iii) increases any part of any Lender's Commitment; (iv) fully or partially releases the Guaranty, except, in each case, as expressly provided by any Credit Document or as a result of a merger, consolidation, or dissolution expressly permitted in the Credit Documents; (v) consents to any assignment by Borrower under SECTION 12.10(A); or (vi) changes this CLAUSE (A) or any other matter specifically requiring the consent of all Lenders under any Credit Document.

(b) AGENT. Any amendment or supplement to, or waiver or consent under, any Credit Document that purports to accomplish any of the following must be by a writing executed by Borrower and executed (or approved in writing, as the case may be) by Agent: (i) Extends the due date for, decreases the amount or rate of calculation of, or waives the late or non-payment of, any fees payable to Agent under any Credit Document, except, in each case, any adjustments or reductions that are contemplated by any Credit Document; (ii) increases Agent's obligations beyond its agreements under any Credit Document; or (iii) changes this CLAUSE (B) or any other matter specifically requiring the consent of Agent under any Credit Document.

(c) REQUIRED LENDERS. Except as specified above (i) the provisions of this agreement may be amended and supplemented, and waivers and consents under it may be given, in writing executed by Borrower and Required Lenders and otherwise supplemented only by documents delivered in accordance with the express terms of this agreement, and (ii) each other Credit Document may only be amended and supplemented, and waivers and consents under it may be given, in a writing executed by the parties to that Credit Document that is also executed or approved by Required Lenders and otherwise supplemented only by documents delivered in accordance with the express terms of that other Credit Document.

(d) WAIVERS. No course of dealing or any failure or delay by Agent, any Lender, or any of their respective Representatives with respect to exercising any Right of Agent or any Lender under any Credit Document operates as a waiver of that Right. A waiver must be in writing and signed by the parties otherwise required by this SECTION 12.8 to be effective and will be effective only in the specific instance and for the specific purpose for which it is given.

(e) CONFLICTS. Although this agreement and other Credit Documents may contain additional and different terms and provisions, any conflict or ambiguity between the express terms and provisions of this agreement and express terms and provisions in any other Credit Document is controlled by the express terms and provisions of this agreement.

12.9 COUNTERPARTS. Any Credit Document may be executed in a number of identical counterparts (including, at Agent's discretion, counterparts or signature pages executed and transmitted by fax) with the same effect as if all signatories had signed the same document. All counterparts must be construed together to constitute one and the same instrument. Certain parties to this agreement may execute multiple signature pages to this agreement as well as one or more complete counterparts of it, and Borrower and Agent are authorized to execute, where applicable, those separate signature pages and insert them, along with signature pages of other parties to this agreement, into one or more complete counterparts of this agreement that contain signatures of all parties to it.

12.10 PARTIES.

(a) PARTIES AND BENEFICIARIES. Each Credit Document binds and inures to the parties to it and each of their respective successors and permitted assigns. Only those Persons may rely upon or raise any defense about this agreement. No Company may assign or transfer any Rights or obligations under any Credit Document without first obtaining all Lenders' consent, and any purported assignment or transfer without all Lenders' consent is void. No Lender may transfer, pledge, assign, sell any participation in, or otherwise encumber its portion of the Obligation except as permitted by CLAUSES (C) or (D) below, neither of which provisions permit any Lender to transfer, pledge, assign, sell any participation in, or otherwise encumber any of its portion of the Obligation for consideration that, directly or indirectly, reflects a discount from face value (i.e., full principal amount involved plus accrued and unpaid interest and fees related to it) without first having offered that transfer, pledge, assignment, participation, or encumbrance to all other Lenders ratably according to their Commitment Percentages or Default Percentages, as the case may be.

(b) RELATIONSHIP OF PARTIES. The relationship between each Lender and each applicable Company is that of creditor/secured party and obligor, respectively. Financial covenant and reporting provisions in the Credit Documents are intended solely for the benefit of each Lender to protect its interest as a creditor/secured party. Nothing in the Credit Documents may be construed as (i) permitting or obligating any Lender to act as a financial or business advisor or consultant to any Company, (ii) permitting or obligating any Lender to control any Company or conduct its operations, (iii) creating any fiduciary obligation of any Lender to any Company, or (iv) creating any joint venture, agency, or other relationship between the parties except as expressly specified in the Credit Documents.

(c) PARTICIPATIONS. Any Lender may (subject to the provisions of this section, in accordance with applicable Legal Requirement, in the ordinary course of its business, at any time, and with notice to Borrower) sell to one or more Persons (each a "PARTICIPANT") participating interests in its portion of the Obligation. The selling Lender remains a "Lender" under the Credit Documents, the Participant does not become a "Lender" under the Credit Documents, and the selling Lender's obligations under the Credit Documents remain unchanged. The selling Lender remains solely responsible for the performance of its obligations and remains the holder of its share of the Principal Debt for all purposes under the Credit Documents. Borrower and Agent shall continue to deal solely

and directly with the selling Lender in connection with that Lender's Rights and obligations under the Credit Documents, and each Lender must retain the sole right and responsibility to enforce due obligations of the Companies. Participants have no Rights under the Credit Documents except as provided in the except clause of the last sentence of this SECTION 12.10(C). Subject to the following, each Lender may obtain (on behalf of its Participants) the benefits of SECTION 3 with respect to all participations in its part of the Obligation outstanding from time to time so long as Borrower is not obligated to pay any amount in excess of the amount that would be due to that Lender under SECTION 3 calculated as though no participations have been made. No Lender may sell any participating interest under which the Participant has any Rights to approve any amendment, modification, or waiver of any Credit Document except as to matters in SECTION 12.8(A)(I) and (II).

(d) ASSIGNMENTS. Each Lender may make assignments to the Federal Reserve Bank, provided that any related costs, fees, and expenses incurred by such Lender in connection with such assignment or the re-assignment back to it free of any interests of the Federal Reserve Bank, shall be for the sole account of Lender. Each Lender may also assign to one or more assignees (each an "ASSIGNEE") all or any part of its Rights and obligations under the Credit Documents so long as (i) the assignor Lender and Assignee execute and deliver to Agent and Borrower for their consent and acceptance (that may not be unreasonably withheld in any instance and is not required by Borrower if an Event of Default exists) an assignment and assumption agreement in substantially the form of EXHIBIT F (an "ASSIGNMENT") and pay to Agent a processing fee of \$2,500 (which payment obligation is the sole liability, joint and several, of that Lender and Assignee), (ii) the assignment must be for a minimum total Commitment of \$5,000,000, and, if the assigning Lender retains any Commitment, it must be a minimum total Commitment of \$10,000,000, and (iii) the conditions for that assignment set forth in the applicable Assignment are satisfied. The Effective Date in each Assignment must (unless a shorter period is agreeable to Borrower and Agent) be at least five Business Days after it is executed and delivered by the assignor Lender and the Assignee to Agent and Borrower for acceptance. Once that Assignment is accepted by Agent and Borrower, and subject to all of the following occurring, then, on and after the Effective Date stated in it (i) the Assignee automatically becomes a party to this agreement and, to the extent provided in that Assignment, has the Rights and obligations of a Lender under the Credit Documents, (ii) in the case of an Assignment covering all of the remaining portion of the assignor Lender's Rights and obligations under the Credit Documents, the assignor Lender ceases to be a party to the Credit Documents, (iii) Borrower shall execute and deliver to the assignor Lender and the Assignee the appropriate Notes in accordance with this agreement following the transfer, (iv) upon delivery of the Notes under CLAUSE (III) preceding, the assignor Lender shall return to Borrower all Notes previously delivered to that Lender under this agreement, and (v) SCHEDULE 2 is automatically deemed to be amended to reflect the name, address, telecopy number, and Commitment of the Assignee and the remaining Commitment (if any) of the assignor Lender, and Agent shall prepare and circulate to Borrower and Lenders an amended SCHEDULE 2 reflecting those changes. Notwithstanding the foregoing, no Assignee may be recognized as a party to the Credit Documents (and the assigning Lender shall continue to be treated for all purposes as the party to the Credit Documents) with respect to the Rights and obligations assigned to that Assignee until the actions described in CLAUSES (III) and (IV) have occurred. The Obligation is registered on the books of Borrower as to both principal and any stated interest, and transfers of (as opposed to participations in) principal and interest of the Obligation may only be made in accordance with this section.

12.11 VENUE AND SERVICE OF PROCESS. BORROWER IN EACH CASE FOR ITSELF AND ITS SUCCESSORS AND ASSIGNS, IRREVOCABLY (A) SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS IN TEXAS, (B) WAIVES, TO THE FULLEST EXTENT LAWFUL, ANY OBJECTION THAT IT MAY NOW OR IN THE FUTURE HAVE TO THE LAYING OF VENUE OF ANY LITIGATION ARISING OUT OF OR IN CONNECTION WITH ANY CREDIT DOCUMENT AND THE OBLIGATION BROUGHT IN THE DISTRICT COURTS OF DALLAS COUNTY, TEXAS, OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS, DALLAS DIVISION, (C) WAIVES ANY CLAIMS THAT ANY LITIGATION BROUGHT IN ANY OF THE FOREGOING COURTS HAS BEEN BROUGHT IN AN INCONVENIENT FORUM, (D) CONSENTS TO THE SERVICE OF PROCESS OUR OF ANY OF THOSE COURTS IN ANY LITIGATION BY THE MAILING OF COPIES OF THAT PROCESS

BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, POSTAGE PREPAID, BY HAND DELIVERY, OR BY DELIVERY BY A NATIONALLY- RECOGNIZED COURIER SERVICE, AND SERVICE SHALL BE DEEMED COMPLETE UPON DELIVERY OF THE LEGAL PROCESS AT ITS ADDRESS FOR PURPOSES OF THIS AGREEMENT, AND (E) AGREES THAT ANY LEGAL PROCEEDING AGAINST ANY PARTY TO ANY CREDIT DOCUMENT ARISING OUT OF OR IN CONNECTION WITH THE CREDIT DOCUMENTS OR THE OBLIGATION MAY BE BROUGHT IN ONE OF THE FOREGOING COURTS. The scope of each of the foregoing waivers is intended to be all encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. BORROWER ACKNOWLEDGES THAT THESE WAIVERS ARE A MATERIAL INDUCEMENT TO AGENT'S AND EACH LENDER'S AGREEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT AGENT AND EACH LENDER HAS ALREADY RELIED ON THESE WAIVERS IN ENTERING INTO THIS AGREEMENT, AND THAT AGENT AND EACH LENDER WILL CONTINUE TO RELY ON EACH OF THESE WAIVERS IN RELATED FUTURE DEALINGS. BORROWER FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THESE WAIVERS WITH ITS LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY AGREES TO EACH WAIVER FOLLOWING CONSULTATION WITH LEGAL COUNSEL. The waivers in this section are irrevocable, meaning that they may not be modified either orally or in writing, and these waivers apply to any future renewals, extensions, amendments, modifications, or replacements in respect of the applicable Credit Document. In connection with any litigation, this agreement may be filed as a written consent to a trial by the court.

12.12 NON-RECOURSE TO GENERAL PARTNER. NEITHER GENERAL PARTNER NOR ANY DIRECTOR, OFFICER, EMPLOYEE, STOCKHOLDER, OR AGENT OF GENERAL PARTNER SHALL HAVE ANY LIABILITY FOR ANY OBLIGATIONS OF BORROWER OR GUARANTOR UNDER THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT OR FOR ANY CLAIM BASED ON, IN RESPECT OF OR BY REASON OF, SUCH OBLIGATIONS OR THEIR CREATION, INCLUDING ANY LIABILITY BASED UPON, OR ARISING BY OPERATION OF LAW AS A RESULT OF, THE STATUS OR CAPACITY OF GENERAL PARTNER AS THE "GENERAL PARTNER" OF GUARANTOR. BY EXECUTING THIS AGREEMENT, AGENT AND EACH LENDER, EXPRESSLY WAIVES AND RELEASES ALL SUCH LIABILITY. THIS WAIVER AND RELEASE SHALL BE A PART OF THE CONSIDERATION FOR GUARANTOR'S EXECUTION AND DELIVERY OF THE GUARANTY.

12.13 CONFIDENTIALITY. Agent and each Lender agrees (on behalf of itself and each of its Affiliates, and its and each of their respective Representatives) to keep and maintain any non-public information supplied to it by or on behalf of any Company which is identified as being confidential and shall not use any such information for any purpose other than in connection with the administration or enforcement of this transaction. However, nothing herein shall limit the disclosure of any such information (a) to the extent required by Legal Requirement, (b) to counsel of Agent or any Lender in connection with the transactions provided for in this agreement, (c) to bank examiners, auditors and accountants, or (d) any Assignee or Participant (or prospective Assignee or Participant) so long as such Assignee or Participant (or prospective Assignee or Participant) first enters into a confidentiality agreement with Agent or such Lender. Upon full payment of the Obligation, Agent and each Lender shall, if requested by any Company at the expense of any Company, return all (and not retain any) copies of such confidential information to the requesting Company.

12.14 ENTIRETY. THE CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN BORROWER, LENDERS, AND AGENT WITH RESPECT TO THEIR SUBJECT MATTER AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

REMAINDER OF PAGE INTENTIONALLY BLANK.
SIGNATURE PAGE FOLLOWS.

EXECUTED as of the date first stated in this Credit Agreement.

TEPPCO Colorado, LLC
c/o Texas Eastern Products,
Pipeline Company
America Tower Building
2929 Allen Parkway
Houston, TX 77019
Attn: Charles H. Leonard,
Senior Vice President,
Chief Financial Officer, and
Treasurer

Phone: 713-759-3999
Fax: 713-759-3957

TEPPCO COLORADO, LLC, as Borrower

By: TE Products Pipeline Company, Limited
Partnership, as Sole Member

By: Texas Eastern Products Pipeline
Company, as General Partner

By /s/ Charles H. Leonard

Charles H. Leonard, Senior Vice
President, Chief Financial
Officer, and Treasurer

SunTrust Bank, Atlanta
25 Park Place
24th Floor, MC-120
Atlanta, GA 30303
Attn: John A. Fields, Jr.,
Vice President

Phone: 404-724-3667
Fax: 404-827-6270

SUNTRUST BANK, ATLANTA, as
Agent and Sole Lender

By /s/ John A. Fields, Jr.

John A. Fields, Jr., Vice President

By /s/ F. McClellan Deaver, III

F. McClellan Deaver, III, Group Vice
President

SIGNATURE PAGE TO CREDIT AGREEMENT

SCHEDULE 2

LENDERS AND COMMITMENTS

LENDER -----	COMMITMENT -----	COMMITMENT PERCENTAGE -----
SunTrust Bank, Atlanta 25 Park Place 24th Floor, MC-120 Atlanta, GA 30303 Attn: John A. Fields, Jr. Vice President Phone: 404-724-3667 Fax: 404-827-6270	\$38,000,000	100.00%
TOTAL COMMITMENTS	\$38,000,000	100.00%

SCHEDULE 4

CLOSING DOCUMENTS

Unless otherwise specified, all dated either April 21, 1998 (the "CLOSING DATE"), or a date no earlier than 30 days before the Closing Date (a "CURRENT DATE").

- H&B [1.] CREDIT AGREEMENT (the "CREDIT AGREEMENT") dated as of the Closing Date between TEPPCO COLORADO, LLC, a Delaware limited liability company ("BORROWER"), certain Lenders, SUNTRUST BANK, ATLANTA, as Agent (the defined terms in which have the same meanings when used in this schedule), accompanied by:
- | | | | |
|----------|---------------|---|-------------------------|
| H&B | SCHEDULE 2 | - | Lenders and Commitments |
| H&B | SCHEDULE 4 | - | Closing Documents |
| Borrower | SCHEDULE 5.2 | - | Companies and Names |
| Borrower | SCHEDULE 5.8 | - | Litigation |
| Borrower | SCHEDULE 5.10 | - | Environmental Matters |
| Borrower | SCHEDULE 5.11 | - | Employee-Plan Matters |
| Borrower | SCHEDULE 5.12 | - | Existing Debt |
| Borrower | SCHEDULE 5.13 | - | Existing Liens |
| Borrower | SCHEDULE 5.15 | - | Affiliate Transactions |
-
- | | | | |
|-----|-----------|---|-------------------------------------|
| H&B | EXHIBIT A | - | Term Note |
| H&B | EXHIBIT B | - | Guaranty |
| H&B | EXHIBIT C | - | Compliance Certificate |
| F&J | EXHIBIT D | - | Opinion of Counsel |
| H&B | EXHIBIT E | - | Assignment and Assumption Agreement |
- H&B [2.] TERM NOTE dated the Closing Date, executed by Borrower, substantially in the form of EXHIBIT A to the Credit Agreement, payable to the order of SunTrust Bank, Atlanta, as the sole Lender, in the stated principal amount of \$38,000,000.
- H&B [3.] GUARANTY dated as of the Closing Date, in substantially the form of EXHIBIT B to the Credit Agreement, and executed by TE PRODUCTS PIPELINE COMPANY, LIMITED PARTNERSHIP ("GUARANTOR").
- Borrower [4.] COMPLIANCE CERTIFICATE as of the Closing Date.
5. CERTIFICATE OF FORMATION of Borrower certified by the Delaware Secretary of State as of March 26, 1998.
- Borrower [6.] AGREEMENT OF LIMITED PARTNERSHIP of Guarantor certified by the Delaware Secretary of State as of a Current Date.
- Borrower [7.] AGREEMENT OF LIMITED PARTNERSHIP of TEPPCO Partners, L.P. ("PARENT"), certified by the Delaware Secretary of State as of a Current Date.
- Borrower [8.] CERTIFICATE OF INCORPORATION for Texas Eastern Products Pipeline Company ("GENERAL PARTNER") certified by the Delaware Secretary of State as of a Current Date.

[] Indicate items not complete at the time this version of this schedule was prepared, along with the initials of the party or counsel responsible for them.

Borrower [10.] OFFICERS' CERTIFICATE dated as of the Closing Date, executed by the President or a Vice President and by the Secretary of an Assistant Secretary of General Partner certifying (a) resolutions adopted by General Partner's directors authorizing the executing and delivery of the Credit Documents on behalf of General Partner, Guarantor, and Borrower, as the case may be, (b) the incumbency and signatures of officers of General Partner authorized to execute and deliver any Credit Document, and (c) the accuracy and completeness of the following that must accompany that certificate:

- Annex A - Resolutions of General Partner's Directors
- Annex B - Certificate of Incorporation of General Partner
- Annex C - Bylaws of General Partner
- Annex D - Agreement of Limited Partnership of Parent
- Annex E - Agreement of Limited Partnership of Guarantor
- Annex F - Certificate of Formation of Borrower
- Annex G - Limited Liability Company Agreement of Borrower

F&J [11.] OPINION dated the Closing Date, of Fulbright & Jaworski LLP, counsel to General Partner, Guarantor, and Borrower, addressed to Agent and Lenders, and in substantially the form of Exhibit E to the Credit Agreement.

Borrower [12.] INSURANCE POLICY OR BINDER dated a Current Date and reflecting the insurance coverage on the Fractionators required by Section 8.9 of the Credit Agreement.

13. UNIFORM COMMERCIAL CODE SEARCH REPORTS from the filing officers of the following representative jurisdictions for the following Persons as debtors as of the following dates:

Person	Jurisdiction	Search Date	File Number	File Date	Description
Borrower	Texas	04/06/98			No documents on file.
	Colorado	04/03/98			No documents on file.
Guarantor	Texas	04/06/98			No documents on file.
	New York	04/10/98	056047	03/20/95	NationsBank of Texas, N.A., as Trustee, as Secured Party in respect of mortgage over pipeline system
	Ohio	04/01/98	AL70722	03/17/95	NationsBank of Texas, N.A., as Trustee, as Secured Party in respect of mortgage over pipeline system
Parent	Texas	04/06/98			No documents on file.
General Partner	Texas	04/06/98			No documents on file.
	New York	04/10/98	206410	09/29/93	Adirondack Leasing Associates Ltd. as Secured Party in respect of Konica and a PFU
	Ohio	04/01/98			No documents on file.

Borrower [14.] EVIDENCE satisfactory to Agent that The Bank of New York as the final Trustee in respect of the Mortgage, Security Agreement and Fixture Filing (as renewed, extended, amended, supplemented, and assigned) dated as of February 28, 1990, from Guarantor, and originally

Borrower [9.] CERTIFICATES OF APPROPRIATE GOVERNMENTAL AUTHORITIES of the following jurisdictions, dated Current Dates, with respect to the existence, authority to transact business, and good standing of the following Persons:

Person	Jurisdiction(s)	Date
Borrower	Delaware	
	Colorado	
Guarantor	Delaware	
	Arkansas	
	Illinois	
	Indiana	
	Kentucky	
	Louisiana	
	Missouri	
	New York	
	Ohio	
	Pennsylvania	
	Rhode Island	
	Texas	
	West Virginia	
Parent	Delaware	
	Texas	
General Partner	Delaware	
	Arkansas	
	Illinois	
	Indiana	
	Kentucky	
	Louisiana	
	Missouri	
	New York	
	Ohio	
	Pennsylvania	
	Rhode Island	
	Texas	
	West Virginia	

SCHEDULE 5.2
COMPANIES AND NAMES

Company	Jurisdiction of Formation	Qualified to do Business	Other Names Used in Past 5 Years	Name Change In Last 4 Months	Owned By
TE Products Pipeline Company, Limited Partnership	Delaware	Arkansas Illinois Indiana Kentucky Louisiana Missouri New York Ohio Pennsylvania Rhode Island Texas, and West Virginia	None	None	Texas Eastern Products Pipeline Company (1.0101% general partner interest and 98.9899% limited partner interest)
TEPCO Colorado, LLC	Delaware	Colorado	None	None	TE Products Pipeline Company, Limited Partnership

SCHEDULE 5.8

LITIGATION

NONE.

SCHEDULE 5.10
ENVIRONMENTAL MATTERS

TE Products Pipeline Company, Limited Partnership ("Partnership") and the Indiana Department of Environmental Management ("IDEM") have entered into an Agreed Order that will ultimately result in a remediation program for any on-site and off-site groundwater contamination attributable to the Partnership's operations at the Seymour, Indiana, terminal. As part of the Agreed Order, the Partnership has completed the remedial investigation sampling for groundwater contamination. In November 1997, IDEM approved the final remedial investigation report for the Seymour terminal. The Partnership is currently negotiation with IDEM the clean-up levels to be attained at the Seymour terminal. The Partnership estimates that the costs of the remediation program to be proposed by the Partnership for the Seymour terminal will not exceed the amount accrued therefore (approximately \$1.7 million at December 31, 1997). The completion of the remediation program to be proposed by the Partnership, if such program is approved by IDEM, should not have a material adverse impact on the Partnership.

The Partnership received a compliance order from the Louisiana Department of Environmental Quality ("DEQ") during 1994 relative to a potential environmental contamination at the Partnership's Arcadia, Louisiana facility, which may be attributable to the operations of the Partnership and surrounding petroleum terminals of other companies. The Partnership has finalized a negotiated compliance order with DEQ that will allow the Partnership to continue with a remediation plan similar to the one previously agreed to by DEQ and implemented by Texas Eastern Products Pipeline Company. The completion of the remediation program being proposed by the Partnership should not have a future material adverse impact of the Partnership.

The Partnership is currently reviewing the possibility of undertaking a voluntary remediation of its Lebanon, Ohio terminal, for possible contamination by petroleum products. It is not anticipated that any such remediation program will have a future material adverse impact on the Partnership.

SCHEDULE 5.11
EMPLOYEE-PLAN MATTERS

NONE.

SCHEDULE 5.12

EXISTING DEBT

TE Products Pipeline Company, Limited Partnership

\$180,000,000	6.45%	Senior Notes	Due 2008
\$210,000,000	7.51%	Senior Notes	Due 2028

SCHEDULE 5.13

EXISTING LIENS

There are no existing Liens except Permitted Liens. There may exist certain mortgage filings, deeds of trust and UCC lien filings in various states that pertain to the Series A First Mortgage Notes and Series B First Mortgage Notes (collectively "Mortgage Notes"), which Mortgage Notes were paid in full on January 27, 1998. The Bank of New York is currently prosecuting the filing of releases for any liens associated with such Mortgage Notes.

SCHEDULE 5.15

AFFILIATE TRANSACTIONS

Asset Purchase Agreement between Duke Energy Field Services, Inc. ("DEFS") and TEPPCO Colorado, LLC ("TEPPCO Colorado") for the purchase of two (2) fractionation units located in Weld County, Colorado. The terms of the Asset Purchase Agreement incorporate additional agreements between DEFS and TEPPCO Colorado, including the Fractionation Agreement, the Operation and Maintenance Agreement, the Lease Agreement and the Sublease Agreement.

TERM NOTE

\$38,000,000

April 21, 1998

FOR VALUE RECEIVED, TEPPCO COLORADO, LLC, a Delaware limited liability company ("MAKER"), promises to pay to the order of SUNTRUST BANK, ATLANTA ("PAYEE"), the principal amount of \$38,000,000, together with interest on the unpaid amounts thereof from time to time outstanding.

This note is a "Note" under the Credit Agreement (as renewed, extended, amended, or restated, the "Credit Agreement") dated as of April 21, 1998, between Maker, Payee, certain other Lenders from time to time, and SunTrust Bank, Atlanta, as Agent for Lenders. All of the terms defined in the Credit Agreement have the same meanings when used, unless otherwise defined, in this note.

This note incorporates by reference the principal and interest payment terms in the Credit Agreement for this note, including, without limitation, the final maturity date for this note, which is the Maturity Date. Principal and interest are payable to the holder of this note by payment to Agent at its offices at 25 Park Place, Atlanta, Georgia 30303 or at any other address of which Agent may notify Maker in writing.

This note also incorporates by reference all other provisions in the Credit Agreement applicable to this note including provisions for disbursement of principal, applicable interest rates before and after certain Events of Default, voluntary and mandatory prepayments, acceleration of maturity, exercise of Rights, payment of attorney's fees, courts costs, and other costs of collection, certain waivers by Maker and other obligors, assurances and security, choice of Texas and United States federal law, usury savings, and other matters applicable to Credit Documents under the Credit Agreement.

TEPPCO COLORADO, LLC, as Maker

By: TE PRODUCTS PIPELINE COMPANY,
LIMITED PARTNERSHIP, as sole Member

By: TEXAS EASTERN PRODUCTS
PIPELINE COMPANY, as General Partner

By: /s/ CHARLES H. LEONARD

Charles H. Leonard, Senior Vice
President, Chief Financial
Officers, and Treasurer

EXHIBIT B

GUARANTY

THIS GUARANTY is executed as of April 21, 1998, by TE PRODUCTS PIPELINE COMPANY, LIMITED PARTNERSHIP, a Delaware limited partnership ("GUARANTOR"), for the benefit of SUNTRUST BANK, ATLANTA (in its capacity as Agent for the Lenders now or in the future party to the Credit Agreement described below, "AGENT").

TEPPCO Colorado, LLC, a Delaware limited liability company ("BORROWER"), Agent, and Lenders have executed the Credit Agreement (as renewed, extended, amended, or restated, the "CREDIT AGREEMENT") dated as of April 21, 1998. Guarantor is the sole member and owner of a significant portion of the equity interests in Borrower. The execution and delivery of this guaranty are requirements to Agent's and Lenders' execution of the Credit Agreement and other Credit Documents (see PARAGRAPH 1 below for definitions), are integral to the transactions contemplated by the Credit Documents, and are conditions precedent to Lenders' obligations to lend under the Credit Agreement.

ACCORDINGLY, for adequate and sufficient consideration, Guarantor guarantees to Agent and Lenders the prompt payment of the Guaranteed Obligation (defined below) at, and at all times after, its various applicable maturities (by acceleration or otherwise) as follows:

1. DEFINITIONS. Terms defined in the Credit Agreement have the same meanings when used (unless otherwise defined) in this guaranty. As used in this guaranty:

"AGENT" is defined in the preamble to this guaranty and includes its successor appointed under SECTION 11 of the Credit Agreement and acting as Agent for the Lenders under the Credit Documents.

"BORROWER" is defined in the recitals to this guaranty and includes, without limitation, Borrower, Borrower as a debtor-in-possession, and any receiver, trustee, liquidator, conservator, custodian, or similar party appointed for Borrower or for all or substantially all of Borrower's assets under any Debtor Law.

"CREDIT AGREEMENT" is defined in the recitals to this guaranty.

"GUARANTEED OBLIGATION" means the Obligation, as defined in the Credit Agreement, including, without limitation, all present and future amounts that would become due but for the operation of ss.ss. 502 or 506 or any other provision of Title 11 of the United States Code and all present and future accrued and unpaid interest (including, without limitation, all post-petition interest if Borrower voluntarily or involuntarily becomes subject to any Debtor Law).

"GUARANTOR" is defined in the preamble to this guaranty.

2. GUARANTY. This is an absolute, irrevocable, and continuing guaranty. This guaranty remains in effect until the Guaranteed Obligation is fully paid and performed, and all commitments to lend under the Credit Agreement have terminated. Any permitted holder or assignee of the Guaranteed Obligation may enforce this guaranty. Guarantor may not rescind or revoke its obligations with respect to the Guaranteed Obligation.

3. CONSIDERATION. Guarantor represents and warrants that (a) the value of the consideration received and to be received by it is reasonably worth at least as much as its liability under this guaranty and (b) its liability under this Guaranty may reasonably be expected to directly or indirectly benefit it.

4. CUMULATIVE RIGHTS. If Guarantor becomes liable for any indebtedness owing by Borrower to Agent or any Lender, other than under this guaranty, that liability may not be in any manner impaired or

EXHIBIT B

affected by this guaranty. The Rights of Agent or Lenders under this guaranty are cumulative of any and all other Rights that Agent or Lenders may ever have against Guarantor. The exercise by Agent or Lenders of any Right under this guaranty or otherwise does not preclude the concurrent or subsequent exercise of any other Right.

5. PAYMENT UPON DEMAND. Guarantor shall, upon demand to it and without further notice of dishonor and without any notice having been given to Guarantor previous to that demand of either the acceptance by Agent or Lenders of this guaranty or the creation or incurrence of any Guaranteed Obligation, pay the amount of the Guaranteed Obligation then matured, due, and payable to Agent and Lenders. It is not necessary for Agent or Lenders, in order to enforce that payment by Guarantor, first or contemporaneously to accelerate payment of any of the Guaranteed Obligation, to institute suit or exhaust remedies against Borrower or others liable on any Guaranteed Obligation, or to enforce Rights against any collateral securing any Guaranteed Obligation. If Guarantor fails to timely perform any of its obligations under this guaranty, it agrees to pay to Agent all reasonable costs and expenses (including reasonable attorney's fees) incurred by Agent in the enforcement of this guaranty.

6. SUBORDINATION. All principal of and interest on all indebtedness, liabilities, and obligations of Borrower to Guarantor (the "SUBORDINATED DEBT"), whether direct, indirect, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, now or in the future existing, due or to become due to Guarantor, or held or to be held by Guarantor, whether created directly or acquired by assignment or otherwise, and whether evidenced by written instrument or not, is expressly subordinated to the full and final payment of the Guaranteed Obligation (and Guarantor agrees not to accept any payment of any Subordinated Debt from Borrower) during any period when an Event of Default or Potential Default exists. If Guarantor receives any payment of any Subordinated Debt in violation of the preceding subordination provision, then Guarantor shall hold that payment in trust for Agent and Lenders and promptly turn it over to Agent, in the form received (with any necessary endorsements), to be applied to the Guaranteed Obligation.

7. SUBROGATION AND CONTRIBUTION. Until no Lender is obligated to lend under the Credit Agreement and the Guaranteed Obligation has been fully paid and performed (a) Guarantor may not assert, enforce, or otherwise exercise any Right of subrogation to any of the Rights or Liens of Agent or Lenders or any other beneficiary against Borrower or any other obligor on the Guaranteed Obligation or any collateral or other security or any Right of recourse, reimbursement, subrogation, contribution, indemnification, or similar Right against Borrower or any other obligor on any Guaranteed Obligation or any guarantor of it, (b) Guarantor defers all of the foregoing Rights (whether they arise in equity, under contract, by statute, under common law, or otherwise), and (c) Guarantor defers the benefit of, and any Right to participate in, any collateral or other security given to Agent or Lenders or any other beneficiary to secure payment of any Guaranteed Obligation.

8. NO RELEASE. Guarantor's obligations under this guaranty are not released, diminished, or impaired by the occurrence of any one or more of the following events: (a) Any taking or accepting of any other security or assurance for any Guaranteed Obligation; (b) any release, surrender, exchange, subordination, impairment, or loss of any collateral securing any Guaranteed Obligation; (c) any full or partial release of the liability of any other obligor on the Obligation (other than as the result of payment on the Guaranteed Obligation); (d) the modification of, or waiver of compliance with, any terms of any other Credit Document; (e) any present or future insolvency, bankruptcy, or lack of corporate, partnership, or limited liability company power of any other obligor at any time liable for any Guaranteed Obligation; (f) any renewal, extension, or rearrangement of any Guaranteed Obligation or any adjustment, indulgence, forbearance, or compromise that may be granted or given by Agent or any Lender to any other obligor on any Guaranteed Obligation; (g) any neglect, delay, omission, failure, or refusal of Agent or any Lender to take or prosecute any action in connection with any Guaranteed Obligation; (h) any failure of Agent or any Lender to notify Guarantor of any renewal, extension, or assignment of any Guaranteed Obligation, or the release of any security or of any other action taken or refrained from being taken by Agent or any Lender against Borrower, or any new agreement between Agent, any Lender, and Borrower, it being understood that neither Agent nor any Lender is required to give Guarantor any notice of any kind under any circumstances whatsoever with respect to or in connection with any Guaranteed Obligation, other than any notice specifically required to be given to

EXHIBIT B

Guarantor by applicable Legal Requirements or elsewhere in this guaranty; (i) the unenforceability of any Guaranteed Obligation against any other obligor because it exceeds the amount permitted by applicable Legal Requirements, the act of creating it is ultra vires, the officers creating it exceeded their authority or violated their fiduciary duties in connection with it, or otherwise; or (j) any payment of any Guaranteed Obligation to Agent or Lenders is held to constitute a preference under any Debtor Law or for any other reason Agent or any Lender is required to refund that payment or make payment to someone else (and in each such instance this guaranty shall be reinstated in an amount equal to that payment).

9. WAIVERS. Guarantor waives (to the extent lawful and until full payment of the Guaranteed Obligation):

(a) All defenses to the enforcement of this guaranty (and Rights which may be asserted as defenses to the enforcement of this guaranty) including, but not limited to (i) any Right to revoke this guaranty with respect to future indebtedness arising under the Credit Agreement; (ii) any Right to require Agent or Lenders to do any of the following before Guarantor is obligated to pay any Guaranteed Obligation or before Agent or Lenders may proceed against Guarantor; (A) sue or exhaust remedies against Borrower and other guarantors or obligors, (B) sue on an accrued right of action in respect of any Guaranteed Obligation or bring any other action, exercise any other right, or exhaust all other remedies, or (C) enforce rights against Borrower's assets or the collateral pledged by Borrower to secure any Guaranteed Obligation; (iii) any right relating to the timing, manner, or conduct of Agent's or Lenders' enforcement of rights against Borrower's assets or the collateral pledged by Borrower to secure any Guaranteed Obligation; (iv) if Guarantor and Borrower (or a third party) have each pledged assets to secure any Guaranteed Obligation, any right to require Agent and Lenders to proceed first against the other collateral before proceeding against collateral pledged by Guarantor; (v) notice that this guaranty has been accepted by Agent and Lenders and notice of any indebtedness to which this guaranty may apply; (vi) any right of Guarantor to receive notice from Agent or Lenders of changes which affect the creditworthiness of Borrower; and (vii) except for any notice specifically required by this guaranty, presentation, presentment, demand for payment, protest, notice of protest, notice of dishonor or nonpayment of any indebtedness, notice of intent to accelerate, notice of acceleration, notice of any suit or other action by Lender against Borrower, Guarantor, or any other Person and any notice to any party liable for the obligation which is the subject of the suit or action; and

(b) Each of the foregoing rights or defenses regardless whether they arise under (i) Section 34.01 et seq. of the Texas Business and Commerce Code, as amended, (ii) Section 17.001 of the Texas Civil Practice and Remedies Code, as amended, (iii) Rule 31 of the Texas Rules of Civil Procedure, as amended, or (iv) common law, in equity, under contract, by statute, or otherwise.

10. CREDIT AGREEMENT PROVISIONS. Guarantor acknowledges that certain (a) representations and warranties in the Credit Agreement are applicable to it and confirms that each such representation and warranty is true and correct, and (b) covenants, agreements, and other provisions in the Credit Agreement are applicable to it or are imposed upon it and agrees to promptly and properly comply with or be bound by each of them.

11. RELIANCE AND DUTY TO REMAIN INFORMED. Guarantor confirms that it has executed and delivered this guaranty after reviewing the terms and conditions of the Credit Documents and all other information as it has deemed appropriate in order to make its own credit analysis and decision to execute and deliver this guaranty. Guarantor confirms that it has made its own independent investigation with respect to Borrower's creditworthiness and is not executing and delivering this guaranty in reliance on any representation or warranty by Agent or any Lender as to that creditworthiness. Guarantor expressly assumes all responsibilities to remain informed of the financial condition of Borrower and any circumstances affecting Borrower's ability to perform under the Credit Documents to which it is a party or any collateral securing any Guaranteed Obligation.

EXHIBIT B

12. NO REDUCTION. The Guaranteed Obligation may not be reduced, discharged, or released because or by reason of any existing or future offset, claim, or defense (except for the defense of complete and final payment of the Guaranteed Obligation) of Borrower or any other obligor against Agent or Lenders or against payment of the Guaranteed Obligation, whether that offset, claim, or defense arises in connection with the Guaranteed Obligation or otherwise. Those claims and defenses include, without limitation, failure of consideration, breach of warranty, fraud, bankruptcy, incapacity/infancy, statute of limitations, lender liability, accord and satisfaction, usury, forged signatures, mistake, impossibility, frustration of purpose, and unconscionability.

13. CREDIT DOCUMENT. This guaranty is a Credit Document and is subject to the applicable provisions of SECTIONS 1 and 12 of the Credit Agreement, all of which are incorporated into this guaranty by reference the same as if set forth in this guaranty verbatim.

14. COMMUNICATIONS. For purposes of SECTION 12.2 of the Credit Agreement, Guarantor's address and fax number are the same as Borrowers.

15. AMENDMENTS, ETC. No amendment, waiver, or discharge to or under this guaranty is valid unless it is in writing and is signed by the party against whom it is sought to be enforced and is otherwise in conformity with the requirements of SECTION 12.8 of the Credit Agreement.

16. ENTIRETY. THIS GUARANTY AND ANY OTHER CREDIT DOCUMENTS TO WHICH GUARANTOR IS A PARTY REPRESENT THE FINAL AGREEMENT BETWEEN GUARANTOR, AGENT, AND LENDERS WITH RESPECT TO THE SUBJECT MATTER OF THIS GUARANTY AND ANY SUCH OTHER CREDIT DOCUMENT AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

17. AGENT AND LENDERS. Agent is the agent for each Lender under the Credit Agreement. All Rights granted to Agent under or in connection with this guaranty are for each Lender's ratable benefit. Agent may, without the joinder of any Lender, exercise any Rights in Agent's or Lenders' favor under or in connection with this guaranty. Agent's and each Lender's Rights and obligations vis-a-vis each other may be subject to one or more separate agreements between those parties. However, Guarantor is not required to inquire about any such agreement or is subject to any terms of it unless Guarantor specifically joins it. Therefore, neither Guarantor nor its successors or assigns is entitled to any benefits or provisions of any such separate agreement or is entitled to rely upon or raise as a defense any party's failure or refusal to comply with the provisions of it.

18. PARTIES. This guaranty benefits Agent, Lenders, and their respective successors and permitted assigns and binds Guarantor and its successors and assigns. Upon appointment of any successor Agent under, and pursuant to the terms of, the Credit Agreement, all of the Rights of Agent under this guaranty automatically vests in that new Agent as successor Agent on behalf of Lenders without any further act, deed, conveyance, or other formality other than that appointment. The Rights of Agent and Lenders under this guaranty may be transferred with any permitted assignment of any Guaranteed Obligation. The Credit Agreement contains provisions governing assignments of the Guaranteed Obligation and of Rights and obligations under this guaranty.

19. NON-RECOURSE TO GENERAL PARTNER. NEITHER GENERAL PARTNER NOR ANY DIRECTOR, OFFICER, EMPLOYEE, STOCKHOLDER, OR AGENT OF GENERAL PARTNER SHALL HAVE ANY LIABILITY FOR ANY OBLIGATIONS OF GUARANTOR UNDER THIS GUARANTY OR ANY OTHER CREDIT DOCUMENT OR FOR ANY CLAIM BASED ON, IN RESPECT OF OR BY REASON OF, SUCH OBLIGATIONS OR THEIR CREATION, INCLUDING ANY LIABILITY BASED UPON, OR ARISING BY OPERATION OF LAW AS A RESULT OF, THE STATUS OR CAPACITY OF GENERAL PARTNER AS THE "GENERAL PARTNER" OF GUARANTOR. BY ACCEPTING THIS GUARANTY, AGENT, FOR ITSELF AND EACH LENDER, EXPRESSLY WAIVES AND RELEASES ALL SUCH LIABILITY. THIS WAIVER AND RELEASE SHALL BE A PART OF THE CONSIDERATION FOR GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY.

EXHIBIT B

20. VENUE AND SERVICE OF PROCESS. GUARANTOR, IN EACH CASE FOR ITSELF AND ITS SUCCESSORS AND ASSIGNS, IRREVOCABLY (A) SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS IN TEXAS, (B) WAIVES, TO THE FULLEST EXTENT LAWFUL, ANY OBJECTION THAT IT MAY NOW OR IN THE FUTURE HAVE TO THE LAYING OF VENUE OF ANY LITIGATION ARISING OUT OF OR IN CONNECTION WITH THIS GUARANTY AND THE GUARANTEED OBLIGATION BROUGHT IN THE DISTRICT COURTS OF DALLAS COUNTY, TEXAS, OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS, DALLAS DIVISION, (C) WAIVES ANY CLAIMS THAT ANY LITIGATION BROUGHT IN ANY OF THE FOREGOING COURTS HAS BEEN BROUGHT IN AN INCONVENIENT FORUM, (D) CONSENTS TO THE SERVICE OF PROCESS OUR OF ANY OF THOSE COURTS IN ANY LITIGATION BY THE MAILING OF COPIES OF THAT PROCESS BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, POSTAGE PREPAID, BY HAND DELIVERY, OR BY DELIVERY BY A NATIONALLY-RECOGNIZED COURIER SERVICE, AND SERVICE SHALL BE DEEMED COMPLETE UPON DELIVERY OF THE LEGAL PROCESS AT ITS ADDRESS FOR PURPOSES OF THIS AGREEMENT, AND (E) AGREES THAT ANY LEGAL PROCEEDING AGAINST ANY PARTY TO ANY CREDIT DOCUMENT ARISING OUT OF OR IN CONNECTION WITH THE CREDIT DOCUMENTS OR THE OBLIGATION MAY BE BROUGHT IN ONE OF THE FOREGOING COURTS. The scope of each of the foregoing waivers is intended to be all encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. GUARANTOR ACKNOWLEDGES THAT THESE WAIVERS ARE A MATERIAL INDUCEMENT TO AGENT'S AND EACH LENDER'S AGREEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT AGENT AND EACH LENDER HAS ALREADY RELIED ON THESE WAIVERS IN ENTERING INTO THE CREDIT AGREEMENT, AND THAT AGENT AND EACH LENDER WILL CONTINUE TO RELY ON EACH OF THESE WAIVERS IN RELATED FUTURE DEALINGS. GUARANTOR FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THESE WAIVERS WITH ITS LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY AGREES TO EACH WAIVER FOLLOWING CONSULTATION WITH LEGAL COUNSEL. The waivers in this paragraph are irrevocable, meaning that they may not be modified either orally or in writing, and these waivers apply to any future renewals, extensions, amendments, modifications, or replacements in respect of this guaranty. In connection with any Litigation, this agreement may be filed as a written consent to a trial by the court.

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SIGNATURE PAGE FOLLOWS.

EXHIBIT B

EXECUTED as of the date first stated in this guaranty.

TE PRODUCTS PIPELINE COMPANY, LIMITED
PARTNERSHIP, as Guarantor

By: TEXAS EASTERN PRODUCTS PIPELINE
COMPANY, as General Partner

By /s/ CHARLES H. LEONARD

Name: Charles H. Leonard

Title: Senior Vice President, CEO,
Treasurer

EXECUTED by Agent solely in acknowledgment of PARAGRAPH 16 above.

SUNTRUST BANK, ATLANTA, as Agent

By /s/ JOHN A. FIELDS, JR.

John A. Fields, Jr., Vice President

By /s/ F. MCCLELLAN DEEVER, III

Name: F. McClellan Deaver, III

Title: Group Vice President

EXHIBIT B

SIGNATURE PAGE

COMPLIANCE CERTIFICATE

FOR THE FISCAL QUARTER/YEAR ENDED _____ (the "SUBJECT PERIOD")

AGENT: SunTrust Bank, Atlanta DATE: _____

BORROWER: TEPPCO Colorado, LLC

=====

This certificate is delivered under the Credit Agreement (as renewed, extended, amended, or restated, the "CREDIT AGREEMENT") dated as of April 21, 1998 between Borrower, Agent, and certain Lenders, all defined terms in which have the same meanings when used, unless otherwise defined, in this certificate.

In my capacity as an officer of the General Partner of TEPPCO Partners, L.P., a Delaware limited partnership ("PARENT"), I certify to Agent and Lenders on the date of this certificate that (a) I am an officer of the General Partner of Parent, (b) the financial statements attached to this certificate were prepared in accordance with GAAP and present fairly the consolidated and consolidating financial condition and results of operations of Parent and its Subsidiaries as of, and for the fiscal quarter or year, as the case may be, ended on, the last day of the Subject Period, (c) a review of the activities of the Companies during the Subject Period has been made under my supervision with a view to determining whether, during the Subject Period, the Companies performed and complied with all of their obligations under the Credit Documents, and, during the Subject Period, to my knowledge no Event of Default (nor any Potential Default) has occurred which has not been cured or waived (except the Events of Default or Potential Default, if any, described on the schedule to this certificate), and (d) to my knowledge, the status of compliance by the Parent with SECTIONS 8.1 and 8.2 of the Credit Agreement at the end of the Subject Period is as described on the scheulde to this certificate.

By: _____
Name: _____
Title: _____

SCHEDULE TO COMPLIANCE CERTIFICATE

(For Fiscal Quarter/Year Ended _____)

A. Describe Potential Defaults and Events of Default, if any, pursuant to CLAUSE (c)(ii) of the attached certificate. If none, so state.

B. Reflect compliance with SECTIONS 8.1 and 8.2 at the end of the Subject Period on a consolidated basis pursuant to CLAUSE (d) of the attached certificate.

TABLE 1

Covenant	At end of Subject	Period
SECTION 8.1 Leverage Ratio		
(a) Debt as of the last day of the Subject Period		\$
(b) Stockholders equity as of the last day of the Subject Period	\$	
(c) Book value of intangible assets	\$	
(d) Tangible Net Worth -- Line (b) minus Line (c)	\$	
(e) Line (d) plus Line (a)		\$
(f) Ratio of Line (a) to Line (e)	\$	
(g) Maximum -- see Table 2		_____ to 1.00
SECTION 8.2 Debt/EBITDA Ratio		
(a) Debt as of the last day of the Subject Period		\$
(b) Net Income for 12 months ending with Subject Period	\$	
(c) Interest Expense for 12 months ending with Subject Period	\$	
(d) Tax Expenses for 12 months ending with Subject Period	\$	
(e) Depreciation for 12 months ending with Subject Period	\$	
(f) Amortization for 12 months ending with Subject Period	\$	
(g) EBITDA -- total of Lines (b), (c), (d), (e), and (f)		\$
(h) Ration of Line (a) to Line (g)		_____ to 1.00
(i) Maximum -- see Table 3		_____ to 1.00

EXHIBIT C

TABLE 2 -- LEVERAGE RATIO

Quarter(s) Ending	Ratio
06/30/98 through 03/31/99	0.68 to 1.00
06/30/99 and thereafter	0.65 to 1.00

TABLE 3 -- DEBT TO EBITDA RATIO

Quarter(s) Ending	Ratio
06/30/98 through 03/31/99	4.25 to 1.00
06/30/99 and thereafter	4.00 to 1.00

EXHIBIT C

[FULBRIGHT & JAWORSKI LETTERHEAD]

April 21, 1998

SunTrust Bank, Atlanta
25 Park Place
Atlanta, Georgia 30303

Re: Credit Agreement dated as of April 21, 1998 (the "Agreement"), between TEPPCO Colorado LLC, a Delaware limited liability company (the "Company"), and SunTrust Bank, Atlanta, a Georgia banking corporation, in its capacity as agent thereunder (in such capacity, the "Agent"), and in its capacity as the sole, initial lender party thereunder (the "Initial Lender")

Ladies and Gentlemen:

We have acted as counsel to Company, TE Products Pipeline Company, Limited Partnership, a Delaware limited partnership (the "Guarantor"), and Texas Eastern Products Pipeline Company, a Delaware corporation (the "General Partner"), in connection with the Agreement and that certain Guaranty of even date with the Agreement (the "Guaranty"), executed by Guarantor and in favor of Agent. Capitalized terms used but not defined herein have the meanings given them in the Agreement (including, without limitation, the term "Lenders", as therein defined), or if not therein defined, the meanings given them in the Guaranty. The opinions expressed herein are being furnished to you pursuant to Item 11 on Schedule 4 of the Agreement.

In rendering the opinions expressed herein, we have (i) relied as to factual matters, to the extent we deemed appropriate, upon the representations contained in (A) the Agreement (including the Schedules thereto), (B) the Guaranty, (C) certificates of representatives of Company, Guarantor and General Partner (collectively the "Loan Parties" and individually a "Loan Party") and (D) certificates and other communications of public officials, and (ii) examined the Agreement, the Guaranty, that certain promissory note of even date with the Agreement (the "Note"), in the stated principal amount of \$38,000,000, executed by Company and payable to the order of Initial Lender (the Agreement, the Note and the Guaranty are referred to herein collectively as the "Financing Documents" and individually as a "Financing Document", as the context may require) and such records, certificates, instruments, agreements and other documents as are in our judgment necessary or appropriate to enable us to render the opinions expressed herein.

In such reliance and in making such examination, we have assumed the authenticity of all records, certificates, instruments, agreements and other documents (including, without limitation, the Financing Documents) submitted to us as originals, the conformity with the originals of all records, certificates, instruments, agreements and other documents (including, without limitation, the Financing Documents) submitted to us as certified or photostatic copies thereof, and the authenticity of the originals of such latter records, certificates, instruments, agreements and other documents. In addition, we have assumed the legal capacity of each natural person identified, or indicated as having executed, in any of those records, certificates, instruments, agreements and other documents and the genuineness of all signatures on all such records, certificates, instruments, agreements and other documents.

In rendering the opinions expressed herein, we also have assumed, without investigation, that each of the Financing Documents is the legal, valid and binding obligation of each Person expressed to be a party thereto other than any Loan Party (each such party, an "Other Party"), enforceable against and by each Other Party in accordance with its terms.

Based upon the foregoing and in the reliance thereon, and subject to and qualified by the assumptions, qualifications, limitations and exceptions set forth herein, and having due regard for such legal considerations as we deem relevant, we are of the opinion that:

1. Company has been duly formed and is validly existing in good standing as a limited liability company under the Delaware Limited Liability Company Act (6 Del.C Sections 18-101, et seq.) (the "LLC Act").

2. Guarantor has been duly formed and is validly existing in good standing as a limited partnership under the Delaware Revised Uniform Limited Partnership Act (6 Del.C Sections 17-101, et seq.) (the "LP Act"). Guarantor is qualified as a foreign limited partnership to transact business in the State of Texas.

3. General Partner has been duly incorporated and is validly existing in good standing as a corporation under the General Corporation Law of the State of Delaware (the "GCL"). General Partner is qualified as a foreign corporation to transact business, and is in good standing, in the State of Texas.

4. The execution and delivery by Company of each Financing Document to which it is a party, and the performance by Company of its obligations thereunder, are within Company's limited liability company power and authority and have been duly authorized by all necessary limited liability company action.

5. The execution and delivery by Guarantor of the Guaranty, and the performance by Guarantor of its obligations thereunder, are within Guarantor's limited partnership power and authority and have been duly authorized by all necessary limited partnership action.

6. General Partner has the corporate power and authority to act (i) as the general partner of Guarantor and (ii) as the general partner of Guarantor in Guarantor's capacity as the sole member of Company, and the execution and delivery by General Partner, (y) as the general partner of Guarantor and (z) as the general partner of Guarantor in Guarantor's capacity as the sole member of Company, of each Financing Document, and, as general partner of Guarantor, to cause Guarantor, in Guarantor's limited partnership capacity or in Guarantor's capacity as the sole member of Company (as the case may be), to perform its respective obligations under each Financing Document to which it is a party, are within General Partner's corporate power and authority and have been duly authorized by all necessary corporate action.

7. Each Financing Document to which Company is a party has been duly executed and delivered by Company.

8. The Guaranty has been duly executed and delivered by Guarantor.

9. Each Financing Document has been duly executed and delivered by the General Partner, as the general partner of Guarantor or as the general partner of Guarantor in Guarantor's capacity as the sole member of Company, as the case may be

10. Each of the Financing Documents to which Company is a party constitutes the legal, valid and binding obligation of the Company, enforceable against Company in accordance with its terms.

11. The Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.

12. Neither the execution and delivery by Company of any of the Financing Documents to which it is a party, nor the performance by Company of its obligations thereunder, will (i) result in a breach of, or constitute a default under, the terms of any agreement or instrument that has been identified to us by Company as material or (ii) violate (a) any statutory law or regulation, (b) any decree or order of any court, governmental agency or arbitrator that is known by us to be applicable to Company or (c) the certificate of formation or limited liability agreement of Company.

13. Neither the execution and delivery by Guarantor of the Guaranty, nor the performance by Guarantor of its obligations thereunder, will (i) result in a breach of, or constitute a default under, the terms of any agreement or instrument binding on Guarantor filed as an exhibit to Guarantor's Annual Report on Form 10-K for the year ended December 31, 1997 or (ii) violate (a) any statutory law or regulation, (b) any decree or order of any court, governmental agency or arbitrator that is known by us to be applicable to Guarantor or (iii) the certificate of formation or agreement of limited partnership of Guarantor.

14. Neither the execution and delivery by General Partner, (i) as the general partner of Guarantor or (ii) as the general partner of the Guarantor in Guarantor's capacity as the sole member of Company, of any Financing Document, nor the performance by General Partner, (y) as the general partner of Guarantor or (z) as the general partner of Guarantor in Guarantor's capacity as the sole member of Company, to cause Guarantor, in Guarantor's capacity as a limited partnership or in Guarantor's capacity as the sole member of the Company, to perform its obligations thereunder, will (i) result in a breach of, or constitute a default under, the terms of the Senior Notes or the Indenture pursuant to which the Senior Notes were issued or any other agreement or instrument binding on Guarantor filed as an exhibit to Guarantor's Annual Report on Form 10-K for the year ended December 31, 1997 or (ii) violate (a) any statutory law or regulation, (b) any decree or order of any court, governmental agency or arbitrator that is known by us to be applicable to General Partner or (c) the certificate of incorporation or bylaws of General Partner.

15. No consent, approval, authorization or waiver of, or notice to or filing with, or other action by, any governmental authority is required by any statutory law or regulation as a condition to the execution and delivery by Company of any Financing Document to which it is a party, or to the performance by Company of its obligations thereunder, except such as have been obtained.

16. No consent, approval, authorization or waiver of, or notice to or filing with, or other action by, any governmental authority is required by any statutory law or regulation as a condition to the execution and delivery by Guarantor of the Guaranty, or the performance by Guarantor of its obligations thereunder, except such as have been obtained.

17. No consent, approval, authorization or waiver of, or notice to or filing with, or other action by, any governmental authority is required by any statutory law or regulation as a condition to the execution and delivery by General Partner, (i) as general partner of Guarantor, or (ii) as the general partner of Guarantor in Guarantor's capacity as the sole member of Company of any Financing Document or the performance by General Partner, (y) as the general partner of Guarantor or (z) as the general partner of Guarantor in Guarantor's capacity as the sole member of Company, to cause Guarantor, in Guarantor's limited partnership capacity or Guarantor's capacity as the sole member of the Company, as the case may be, to perform its obligations thereunder, except as such as have been obtained.

18. Neither Company nor Guarantor is an "investment company" or a company "controlled" by an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended.

19. Neither Company nor Guarantor is a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended ("PUHCA").

The opinions expressed herein are further subject to, and qualified by, the following assumptions, exceptions, qualifications and limitations:

A. The opinions expressed herein are limited exclusively to the laws of the State of Texas, the GCL, the LLC Act, the LP Act and the federal statutory laws and regulations of the United States of America. In respect to such laws, in addition to the limitations set forth herein, such reference is limited to laws which are normally applicable to the transactions provided for in the Financing Documents. References herein to the "laws" of a jurisdiction are to the laws of that jurisdiction, other than the statutes and ordinances, the administrative decisions, and the rules and regulations of counties, towns, municipalities and special political subdivisions (whether created or enabled through legislative action at the federal, state or regional level), and judicial decisions to the extent that they deal with any of the foregoing.

B. The opinions expressed in paragraphs 10 and 11 above are further subject to the following:

(i) The enforceability of the Financial Documents may be limited or affected by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer or similar laws (including court decisions) relating to or affecting the rights and remedies of creditors generally or providing for the relief of debtors, (b) general principles of equity, including, without limitation, requirements of good faith, fairness and reasonableness, and the possible unavailability of specific performance or injunctive relief (regardless of whether enforceability is considered in a proceeding in equity or at law), and (c) the refusal of a particular court to grant (1) equitable remedies, including, without limitation, specific performance and injunctive relief, or (2) a particular remedy sought by Lender

under any Financing Document as opposed to another remedy provided for therein or another remedy available at law or in equity.

(ii) In rendering the opinions expressed in paragraphs 10 and 11 above, we express no opinion as to the availability of certain equitable remedies, including specific performance, and further, we express no opinion as to the enforceability of any provisions of any Financing Document that:

(a) purports to (1) establish or satisfy evidentiary standards, (2) waive or otherwise affect any right, notice or defense that cannot be waived or otherwise affected as a matter of law, (3) negate the effect of any course of dealing or any exercise, or failure or delay to exercise, any right, power, privilege or remedy, (4) relate to indemnities, exculpation or contribution to the extent prohibited by public policy or require indemnification or contribution (as applicable) for liability on account of fraud, negligence, gross negligence, willful misconduct, breach of the performance of an agreed undertaking, violation of law or illegal conduct (or the public policy underlying such action or conduct) of a Person seeking or asserting the benefit of such indemnity, exculpation or contribution provision, (5) limit liability of any Person to claims for gross negligence or willful misconduct, (6) grant to Lender the right to offset special deposits against obligations owed under any Financing Document, (7) permit the enforcement of rights and remedies by or on behalf of any Lender after the Obligations have been satisfied, (8) authorize conclusive determinations by any party or to permit a party to make determinations in its sole discretion, (9) restrict or otherwise affect jurisdiction, venue, submission to, or acceptance of, a court's jurisdiction, objections to the laying of venue or submission or acceptance of jurisdiction, limitation periods or other procedural rights in any proceeding, (10) waive or otherwise restrict or deny access to claims, causes of action or remedies that may be available or asserted in any action, (11) restrict access to legal or equitable remedies;

(b) states that (1) prohibition, illegality, invalidity or unenforceability of any provision of such Financing Document in any jurisdiction shall not (A) invalidate the remaining provisions of such Financing Document or (B) affect that provision in any other jurisdiction, or (2) the right of Lender to exercise any right or remedy on the basis of any misrepresentation or breach of warranty is not affected by any action by Lender;

(c) permits an action against any Person to be brought in the courts of the State of Texas (1) if such Person has not been served with process in that action in accordance with applicable rules of procedure or (2) if the court in which the action is brought does not have jurisdiction of the subject matter of the action;

(d) permits an action against any Person to be brought in the federal courts of the United States of America sitting in the State of Texas (1) if such Person has not been served with process in accordance with applicable rules of procedure or (2) if those courts do not have jurisdiction of the subject matter of the action;

(e) provides for irrevocability of the appointment of any agent or attorney for service of process or otherwise; or

(f) requires the reimbursement to any Person whose breach of a recognizable standard of performance or care in acting or failing timely or otherwise properly to act substantially contributed to the basis for which such reimbursement is sought;

provided, however, in our opinion, the unenforceability of those remedial and other provisions referred to in the preceding clauses does not render void or invalid the remaining provisions of the Financing Documents and does not, subject to the other qualifications, exceptions, limitations and assumptions set forth herein, make the remedies generally afforded by the Financing Documents inadequate for the realization of the substantive principal legal benefits purported to be provided by the Financing Documents (except for the economic consequences resulting from any delay or procedure imposed by applicable law).

(iii) The opinions expressed are subject to the further exception that the enforceability of the several Financing Documents may be subject to standards of reasonableness, care and diligence and of "good faith" limitations and obligations, such as those provided in Sections 1.102(c), 1.203 and 1.208 of the Uniform Commercial Code as adopted and amended in the State of Texas.

C. We do not express any opinion with respect to any exhibit or schedule to, or other agreement referred to in, any of the Financing Documents.

D. In rendering the foregoing opinions, we have not, pursuant to our engagement, endeavored to express any opinions, and we express no opinions, and none are intended to be implied hereby nor shall be inferred herefrom, as to (i) the various state and federal laws, statutes, regulations, interpretations, opinions, directives, orders, rulings, authorities or similar matters regulating or governing Lender (collectively, the "Rules") and/or its entry into, execution, delivery or performance of the Financing Documents, or the transactions provided for therein, or the conduct of its business related thereto, or (ii) Lender's compliance with any of the Rules in connection with any Financing Document, or the transactions provided for therein.

E. In rendering the opinions expressed in paragraph 1 above relating to the existence and good standing of Company, we have relied solely upon a review of the Certificate of State of Delaware, Office of Secretary of State dated April 20, 1998 (Delaware existence and good standing).

F. In rendering the opinions expressed in paragraph 2 above relating to the existence, good standing and foreign qualification of Guarantor, we have relied solely upon a review of certificates of public officials as follows: (i) Certificate of State of Delaware, Office of Secretary of State dated April 20, 1998 (Delaware existence and good standing); and (ii) Certificate of State of Texas, Secretary of State dated April 20, 1998 (Texas foreign qualification).

G. In rendering the opinions expressed in paragraph 3 above relating to the existence, good standing and foreign qualification and good standing of General Partner, we have relied solely upon a review of certificates of public officials as follows: (i) Certificate of State of Delaware, Office of Secretary of State dated April 20, 1998 (Delaware existence and good standing); (ii) Certificate of State of Texas, Secretary of State dated April 20, 1998 (Texas foreign qualification); and (iii) Certificate of the Office of the Comptroller of Public Accounts of the State of Texas dated April 20, 1998 (Texas good standing).

H. In rendering the opinions expressed in paragraph 19 above, we have assumed that each Affiliate of Company (other than Guarantor) and of Guarantor (other than Company) is exempt from regulation under PUHCA.

I. As used herein, the phrase "to our knowledge" or words of similar import means conscious awareness of facts or other information by the lawyers in our firm who, based on our records as of 12:00 Noon on April 20, 1998 have devoted substantive attention to legal matters on behalf of Company, Guarantor or General Partner since January 1, 1997.

The opinions expressed herein are solely for the benefit of, any may only be relied upon by, Agent and present and future Lenders and Participants, in connection with the above transaction. Neither this opinion letter nor any except hereof (nor any reproduction of any of the foregoing) may be furnished to (except in connection with a legal or arbitral proceeding or as may be required by applicable law, and in any such events, as shall be directed and required incident thereto pursuant to a duly issued subpoena, writ, order or other legal process), or relied upon by, any other Person without the prior written consent of this Firm. The opinions expressed herein are as of the date hereof (and not as of any other date, including, without limitation, the effective date of any Financing Document if a date other than the date hereof) or, to the extent a reference to a certificate or other document is made herein, to such date, and we make no undertaking to amend or supplement such opinions as facts and circumstances come to our attention or changes in the law occur which could affect such opinions.

Very truly yours,

/s/ FULBRIGHT & JAWORSKI L.L.P.

Fulbright & Jaworski L.L.P.

ASSIGNMENT AGREEMENT

THIS AGREEMENT is entered into as of _____ between _____ ("ASSIGNOR"), and _____ ("ASSIGNEE").

TEPPCO COLORADO, LLC, a Delaware limited liability company ("BORROWER", certain Lenders, and SUNTRUST BANK, ATLANTA (in its capacity as Agent for Lenders, "AGENT"), are party to the Credit Agreement (as renewed, extended, amended, or restated, the "CREDIT AGREEMENT") dated as of April 21, 1998, all of the defined terms in which have the same meanings when used, unless otherwise defined, in this agreement. This agreement is entered into as required by SECTION 12.10(d) of the Credit Agreement and is not effective (unless otherwise provided in that section) until consented to by Borrower and Agent, which consents may not under the Credit Agreement be unreasonably withheld.

ACCORDINGLY, for adequate and sufficient consideration, Assignor and Assignee agree as follows:

1. ASSIGNMENT. By this agreement, and effective as of _____ (which must be at least five Business Days after the execution and delivery of this agreement to both Agent and, if required, Borrower, for consent, the "EFFECTIVE DATE"), Assignor sells and assigns to Assignee (without recourse to Assignor) and Assignee purchases and assumes from Assignor a % interest (the "ASSIGNED INTEREST"), which, if not equal to 100%, must be a percentage, when computed as an aggregate dollar amount, that is at least \$5,000,000 in and to all of Assignor's Rights and obligations under the Credit Agreement as of the Effective Date, including, without limitation, the Assigned Interest in (a) Assignor's Commitment as of the Effective Date, (b) each Note held by Assignor as of the Effective Date, (c) all Principal Debt owed to Assignor on the Effective Date, and (d) all interest accruing in respect of the Assigned Interest after the Effective Date.

2. ASSIGNOR PROVISIONS. Assignor (a) represents and warrants to Assignee that, as of the Effective Date, Assignor is the legal and beneficial owner of the Assigned Interest, which is free and clear of any adverse claim, and (b) makes no representation or warranty to Assignee and assumes no responsibility to Assignee with respect to (i) any statements, warranties, or representations made in or in connection with any Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency, or value of any Credit Document, or (iii) the financial condition of Parent or any Company or the performance or observance by any Company of any of its obligations under any Credit Document.

3. ASSIGNEE PROVISIONS. Assignee (a) represents and warrants to Assignor, Borrower, and Agent that Assignee is legally authorized to enter into this agreement, (b) confirms that it has received a copy of the Credit Agreement, copies of the Current Financials, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this agreement, (c) agrees with Assignor, Borrower, and Agent that Assignee shall (independently and without reliance upon Agent, Assignor, or any other Lender and based on such documents and information as Assignee deems appropriate at the time) continue to make its own credit decisions in taking or not taking action under the Credit Documents, (d) appoints and authorizes Agent to take such action as Agent on its behalf and to exercise such powers under the Credit Documents as are delegated to Agent by the terms of the Credit Documents and all other reasonably-incidental powers, and (e) agrees with Assignor, Borrower and Agent that Assignee shall perform and comply with all provisions of the Credit Documents applicable to Lenders in accordance with their respective terms. If Assignee is not organized under the laws of the United States of America or one of its states, it (i) represents and warrants to Assignor, Agent, and

Borrower that no Taxes are required to be withheld by Assignor, Agent, or Borrower with respect to any payments to be made to it in respect of the Obligation, and it has furnished to Agent and Borrower two duly completed copies of either U.S. Internal Revenue Service Form 4224, Form 1001, Form W-8, or any other form acceptable to Agent that entitles Assignee to exemption from U.S. federal withholding Tax on all interest payments under the Credit Documents, (ii) covenants to provide Agent and Borrower a new Form 4224, Form 1001, Form W-8, or other form acceptable to Agent upon the expiration or obsolescence of any previously delivered form according to law, duly executed and completed by it, and to comply from time to time with all laws with regard to the withholding Tax exemption, and (iii) agrees with Agent and Borrower that, if any of the foregoing is not true or the applicable forms are not provided, then Agent and Borrower (without duplication) may deduct and withhold from interest payments under the Credit Documents any United States federal-income Tax at the full rate applicable under the IRC.

4. CREDIT AGREEMENT AND COMMITMENTS. From and after the Effective Date (a) Assignee shall be a party to the Credit Agreement and (to the extent provided in this agreement) have the Rights and obligations of a Lender under the Credit Documents and (b) Assignor shall (to the extent provided in this agreement) relinquish its Rights and be released from its obligations under the Credit Documents. On the Effective Date, after giving effect to this agreement, but without giving effect to any other assignments that have not yet become effective, Assignor's total Commitment (which, if positive, must be at least \$10,000,000) and Assignee's total Commitment will be \$_____.

5. NOTES. Assignor and Assignee request Borrower to issue new Notes to Assignor and Assignee in the amounts of their respective Commitments under PARAGRAPH 4 above and otherwise issued in accordance with the Credit Agreement. Upon delivery of those Notes, Assignor shall return to Borrower all Notes previously delivered to Assignor under the Credit Agreement.

6. PAYMENTS AND ADJUSTMENTS. From and after the Effective Date, Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees, and other amounts) to Assignee. Assignor and Assignee shall make all appropriate adjustments in payments for periods before the Effective Date by Agent or with respect to the making of this assignment directly between themselves.

7. CONDITIONS PRECEDENT. PARAGRAPHS 1 through 6 above are not effective until (a) counterparts of this agreement are executed and delivered by Assignor and Assignee to (and are executed in the spaces below by) Borrower and Agent and (b) Agent receives from Assignor a \$2,500 processing fee.

8. INCORPORATED PROVISIONS. Although this agreement is not a Credit Document, the provisions of SECTIONS 1 and 12 of the Credit Agreement applicable to Credit Documents are incorporated into this instrument by reference as if this agreement were a Credit Document and those provisions were set forth in this agreement verbatim.

9. COMMUNICATIONS. For purposes of SECTION 12.2 of the Credit Agreement, Assignee's address, telephone number, and teletype number (until changed under that section) are beside its signature below.

10. AMENDMENTS, ETC. No amendment, waiver, or discharge to or under this agreement is valid unless in a writing that is signed by the party against whom it is sought to be enforced and is otherwise in conformity with the requirements of the Credit Agreement.

11. ENTIRETY. THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN ASSIGNOR AND ASSIGNEE ABOUT ITS SUBJECT MATTER AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR

EXHIBIT E

SUBSEQUENT ORAL AGREEMENTS OF ASSIGNOR AND ASSIGNEE. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN ASSIGNOR AND ASSIGNEE.

12. PARTIES. This agreement binds and benefits Assignor, Assignee, and their respective successors and assigns that are permitted under the Credit Agreement.

EXECUTED as of the date first stated in this Assignment Agreement.

[ASSIGNOR]
By _____
Name: _____
Title: _____

[ASSIGNEE]
By _____
Name: _____
Title: _____
Address _____
Phone _____
Fax _____

As of the Effective Date, Borrower and Agent consent to this agreement and the transactions contemplated in it.

TEPPCO COLORADO, LLC, as Maker

SUNTRUST BANK, ATLANTA, as Agent

By: TE PRODUCTS PIPELINE COMPANY,
LIMITED PARTNERSHIP, as Sole Member

By: TEXAS EASTERN PRODUCTS
PIPELINE COMPANY, as General
Partner

By _____
Name: _____
Title: _____

By _____
Name: _____
Title: _____

By _____
Name: _____
Title: _____

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