
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 4

to

Form S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Crosstex Energy, L.P.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

4923
(Primary Standard Industrial
Classification Code Number)

16-1616605
(I.R.S. Employer
Identification No.)

Crosstex Energy GP, L.P.
2501 Cedar Springs
Suite 600
Dallas, Texas 75201
(214) 953-9500

(Name, address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

William W. Davis
Crosstex Energy GP, L.P.
2501 Cedar Springs, Suite 600
Dallas, Texas 75201
(214) 953-9500

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:

Joshua Davidson
Baker Botts L.L.P.
One Shell Plaza, 910 Louisiana
Houston, Texas 77002
(713) 229-1234

Douglass M. Rayburn
Baker Botts L.L.P.
2001 Ross Avenue
Dallas, Texas 75201
(214) 953-6500

Jeffrey A. Zlotky
Thompson & Knight L.L.P.
1700 Pacific Avenue, Suite 3300
Dallas, Texas 75201
(214) 969-1700

David P. Oelman
Melissa M. Baldwin
Vinson & Elkins L.L.P.
1001 Fannin, Suite 2300
Houston, Texas 77002-6760
(713) 758-2222

Approximate date of commencement of proposed sale to the public:

As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. //

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. //

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. //

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. //

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. //

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may

determine.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 13. Other Expenses of Issuance And Distribution.

Set forth below are the expenses (other than underwriting discounts and commissions) expected to be incurred in connection with the issuance and distribution of the securities registered hereby. With the exception of the Securities and Exchange Commission registration fee and the NASD filing fee, the amounts set forth below are estimates.

| | | |
|------------------------------------|----|-----------|
| SEC Registration Fee | \$ | 4,444 |
| NASD Filing Fee | | 5,330 |
| Nasdaq Stock Market Listing Fee | | 100,000 |
| Printing and Engraving Expenses | | 400,000 |
| Fees and Expenses of Legal Counsel | | 1,275,000 |
| Accounting Fees and Expenses | | 350,000 |
| Transfer Agent and Registrar Fees | | 5,000 |
| Miscellaneous | | 360,226 |
| | | <hr/> |
| Total | \$ | 2,500,000 |

Item 14. Indemnification of Directors And Officers.

The section of the Prospectus entitled "The Partnership Agreement—Indemnification" discloses that we will generally indemnify officers, directors and affiliates of the general partner to the fullest extent permitted by the law against all losses, claims, damages or similar events and is incorporated herein by this reference. Reference is made to Section 7 of the Underwriting Agreement filed as an Exhibit to the Registration Statement in which we have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, and to contribute to payments that may be required to be made in respect of these liabilities. Subject to any terms, conditions or restrictions set forth in the Partnership Agreement, Section 17-108 of the Delaware Revised Uniform Limited Partnership Act empowers a Delaware limited partnership to indemnify and hold harmless any partner or other persons from and against all claims and demands whatsoever.

Item 15. Recent Sales of Unregistered Securities.

Crosstex Energy, L.P. issued to Crosstex Energy GP, L.P. a 2% general partner interest in the partnership in exchange for a capital contribution in the amount of \$20 and to Crosstex Energy Holdings Inc. a 98% limited partner interest in the partnership in exchange for a capital contribution in the amount of \$980 in connection with the formation of the partnership in July 2002 in an offering exempt from registration under Section 4(2) of the Securities Act of 1933. There have been no other sales of unregistered securities within the past three years.

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Item 16. Exhibits.

(a) The following documents are filed as exhibits to this registration statement:

Exhibit

- | | | |
|--------|---|--|
| 1.1** | — | Form of Underwriting Agreement |
| 3.1** | — | Certificate of Limited Partnership of Crosstex Energy, L.P. |
| 3.2** | — | Form of Amended and Restated Agreement of Limited Partnership of Crosstex Energy, L.P. |
| 3.3** | — | Certificate of Limited Partnership of Crosstex Energy Services, L.P. |
| 3.4** | — | Form of Amended and Restated Agreement of Limited Partnership of Crosstex Energy Services, L.P. |
| 3.5** | — | Certificate of Limited Partnership of Crosstex Energy GP, L.P. |
| 3.6** | — | Agreement of Limited Partnership of Crosstex Energy GP, L.P. |
| 3.7** | — | Certificate of Formation of Crosstex Energy GP, LLC |
| 3.8** | — | Form of Amended and Restated Limited Liability Company Agreement of Crosstex Energy GP, LLC |
| 4.1** | — | Specimen Unit Certificate for the common units |
| 5.1** | — | Opinion of Baker Botts L.L.P. as to the legality of the securities being registered |
| 8.1** | — | Opinion of Baker Botts L.L.P. relating to tax matters |
| 10.1** | — | Form of Credit Facility |
| 10.2** | — | Form of First Contribution, Conveyance and Assumption Agreement |
| 10.3** | — | Form of Closing Contribution, Conveyance and Assumption Agreement |
| 10.4** | — | Form of Omnibus Agreement |
| 10.5** | — | Form of Employment Agreement |
| 10.6+ | — | Gas Sales Agreement, dated March 1, 2001 among Tejas Gas Marketing, LLC, Corpus Christi Gas Marketing, L.P. and Corpus Christi Gas Processing, L.P., as amended |
| 10.7+ | — | Gas Sales Agreement, dated December 17, 1998, among Reliant Energy Entex and GC Marketing Company, as amended by the Amendment to Gas Sales Agreement, dated June 18, 2002, among Crosstex Gulf Coast Marketing, Ltd. and Reliant Energy Entex |
| 10.8** | — | Form of Crosstex Energy GP, LLC Long-Term Incentive Plan |
| 21.1** | — | List of Subsidiaries |
| 23.1** | — | Consent of KPMG LLP |
| 23.2 | — | Consent of Baker Botts L.L.P. (contained in Exhibit 5.1) |

- 23.3 — Consent of Baker Botts L.L.P. (contained in Exhibit 8.1)
- 23.4** — Consent of Clovis Roland Haden
- 23.5** — Consent of Sheldon B. Lubar
- 23.6** — Consent of Robert F. Murchison
- 23.7** — Consent of Stephen A. Wells
- 24.1** — Powers of attorney

** Previously filed.

+ Application has been made to the Securities and Exchange Commission for confidential treatment of certain provisions of these exhibits. Omitted material for which confidential treatment has been requested has been filed separately with the Securities and Exchange Commission.

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Item 17. Undertakings.

The undersigned Registrant hereby undertakes to provide at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned registrant hereby undertakes to send to each holder of common units, at least on an annual basis, a detailed statement of any transactions with the general partner or its affiliates, and of the fees, commissions, compensation and other benefits paid, or accrued to the general partner or its affiliates for the fiscal year completed, showing the amount paid or accrued to each recipient and the services performed.

The undersigned registrant hereby undertakes to provide to the holders of common units the financial statements required by Form 10-K for the first fiscal year of operations of the partnership.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 4 to this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dallas, the State of Texas, on December 6, 2002.

Crosstex Energy, L.P.

By: Crosstex Energy GP, L.P.

Its General Partner

By: Crosstex Energy GP, LLC

By: /s/ WILLIAM W. DAVIS

Name: William W. Davis

Title: Senior Vice President and Chief Financial Officer

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 4 to this registration statement has been signed by the following persons in the capacities and on the dates indicated.

| Signature | Title | Date |
|------------------------------|--|------------------|
| * _____ Barry E. Davis | President, Chief Executive Officer and Director (Principal Executive Officer) | December 6, 2002 |

/s/ WILLIAM W. DAVIS

Senior Vice President and Chief
Financial Officer
(Principal Financial and Accounting
Officer)

December 6, 2002

William W. Davis

*

Bryan H. Lawrence

Director

December 6, 2002

*By: /s/ WILLIAM W. DAVIS

William W. Davis
Attorney-In-Fact

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GAS SALES AGREEMENT
BETWEEN
TEJAS GAS MARKETING, LLC
"BUYER"
AND
CORPUS CHRISTI GAS MARKETING, L.P.
AND
CORPUS CHRISTI GAS PROCESSING, L.P.
"SELLER"

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GAS SALES CONTRACT

THIS CONTRACT is made and entered into by and between **TEJAS GAS MARKETING, LLC**, a Delaware limited liability company, hereinafter referred to as "Buyer", and **CORPUS CHRISTI GAS MARKETING, L.P.**, a Texas limited partnership, and **CORPUS CHRISTI GAS PROCESSING, L.P.**, a Texas limited partnership, hereinafter collectively referred to as "Seller."

WHEREAS, Seller has a supply of natural gas which is available for sale to Buyer; and

WHEREAS, Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, natural gas upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid by Seller to Buyer, the receipt and sufficiency of which are hereby acknowledged, and of the mutual covenants and contracts herein set forth, the parties have agreed as follows:

ARTICLE I

DEFINITIONS

Except as otherwise specified in context, the following words and terms as used herein shall have the meanings indicated.

1.1 The term "Agua Dulce Index" as used herein means the "Midpoint" price for the "South-Corpus Christi, Agua Dulce hub" as reported in the "DAILY PRICE SURVEY" of *GAS DAILY* (as published by Pasha Publications, Inc.). The Agua Dulce Index applicable to deliveries on any business day hereunder shall be the Agua Dulce Index reported for the "Flow Date" for such business day. For example, if Thursday the 21st was a business day and Excess Gas, as described below, were delivered and received on the 21st, the Agua Dulce Index applicable to such deliveries would be the price reported for the Flow Date of the 21st as listed in the *GAS DAILY* published on the 21st. The Agua Dulce Index applicable to deliveries on any weekend day or holiday hereunder shall be the Agua Dulce Index reported for the "Flow Date" for the immediately preceding business day. For example, if Excess Gas were delivered and received on Saturday the 23rd, the Agua Dulce Index applicable to such deliveries would be the price reported for the Flow Date of Friday the 22nd as listed in the *GAS DAILY* published on the 22nd.

1.2 The term "Btu" as used herein means British Thermal Unit: the amount of heat required to raise the temperature of one (1) pound of pure water, one (1) degree Fahrenheit from fifty-eight and five-tenths (58.5) degrees Fahrenheit to fifty-nine and five-tenths (59.5) degrees Fahrenheit.

1.3 The term "cubic foot" as used herein means the volume of gas contained in one (1) cubic foot of space at a standard pressure of 14.65 pounds per square inch absolute and a standard temperature of sixty (60) degrees Fahrenheit.

1.4 The word "day" as used herein means a period of twenty-four (24) consecutive hours beginning at 9:00 A.M. Central Time on any calendar day and ending at 9:00 A.M. Central Time on the following calendar day.

1.5 The term "Facility" means Seller's Gregory processing plant located in San Patricio County, Texas.

1.6 The term "gas" as used herein means natural gas, including gas well gas, casinghead gas or the residue gas resulting from processing either casinghead gas or gas well gas.

1.7 The term "gross heating value" as used herein means the number of Btu's liberated by the complete combustion, at constant pressure, of one (1) cubic foot of gas with air, the temperature of gas, air, and products of combustion being sixty (60) degrees Fahrenheit and all of the water formed by

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the combustion reaction being condensed to the liquid state. The gross heating value of the gas shall be corrected for the water vapor content of the gas being delivered, except that as long as the water vapor content is seven (7) pounds or less per one million (1,000,000) cubic feet, the gas shall be assumed to be dry. The terms "heating value" or "Btu content" as used herein shall be deemed to mean "gross heating value" as defined above.

1.8 The term "Index Price" as used herein, to be used in pricing for a month, means the price (per MMBtu) reported as "DELIVERED SPOT-GAS PRICES, Houston Ship Channel/Beaumont, Texas Index (large packages only)" from the first publication each month of McGraw-Hill, Inc.'s *Inside FERC's Gas Market Report*. If *Inside FERC's Gas Market Report* ceases to publish the Inside FERC "Index Price" substantially in its current form as of the effective date hereof, Buyer and Seller shall, during the term of this Contract, use good faith efforts to mutually agree upon a replacement "Index Price" hereunder which best approximates the Houston Ship Channel/Beaumont, Texas, Delivered Spot-Gas Index Price in its current form as of the effective date hereof.

1.9 The term "Mcf" as used herein means one thousand cubic feet of gas.

1.10 The term "MMBtu" as used herein means one million British Thermal Units.

1.11 The word "month" as used herein means the period commencing at 9:00 A.M. on the first day of the calendar month and ending at 9:00 A.M. on the first day of the next succeeding calendar month.

1.12 The term "psia" as used herein means pounds per square inch absolute.

1.13 The term "psig" as used herein means pounds per square inch gauge.

1.14 The term "residue gas" means all of Seller's and Seller's affiliates' gas available for delivery at the tailgate of Seller's Gregory Processing Plant located in San Patricio County, Texas, at meter number 31-5200-00 and at HPL meter station 3358.

1.15 The word "year" as used herein means a period of twelve (12) consecutive months.

ARTICLE II

QUANTITY

2.1 Subject to the other terms and provisions hereof, Seller shall sell and deliver, or cause to be delivered to Buyer, at the Point(s) of Delivery hereunder, and Buyer shall buy one hundred percent (100%) of all of Seller's and Seller's affiliates' residue gas available for delivery, each day. On or before the sixth (6th) business day prior to the first day of each month, Seller will nominate to Buyer the quantity of residue gas available to be tendered for delivery to Buyer at the Point of Delivery each day during such month (the "Nominated Quantity"). The Nominated Quantity for any month, plus or minus a ten percent (10%) tolerance, is herein called the "Minimum Daily Quantity." In the event Buyer purchases more than the Minimum Daily Quantity on any day, the difference between the quantity of residue gas actually received by Buyer on such day and the Minimum Daily Quantity shall be deemed "Excess Gas." If, and to the extent that, Seller sells and delivers to Buyer at the Point(s) of Delivery during any month residue gas produced from wells that were newly connected and not available to be included in the nominations for such month as set forth above, then for the remainder of such month the residue gas delivered from such newly connected wells shall be deemed "Excess Gas" for pricing purposes under Section 8.1 hereof. Seller shall endeavor to notify Buyer prior to any significant changes in Seller's deliveries of residue gas hereunder.

2.2 Seller shall be responsible for all regulatory filings, and all coordination and nomination requirements of upstream pipelines and third party suppliers utilized by Seller hereunder. Buyer shall be responsible for all regulatory filings and all coordination and nomination requirements of downstream pipelines and third party purchasers and transporters utilized by Buyer hereunder, and

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responsible for maintaining third-party, firm transportation agreements as necessary for Buyer to meet its obligations hereunder.

ARTICLE III

POINT(S) OF DELIVERY

3.1 The Point(s) of Delivery for all gas to be purchased hereunder shall be at Buyer's or Buyer's designee's meter at the following locations:

| LOCATION | MAXIMUM INSTANTANEOUS RATES OF DELIVERY | MAXIMUM OPERATING PRESSURE |
|---|---|----------------------------|
| <i>Primary:</i> Gregory Processing Plant tailgate Meter #31-5200-00 San Patricio County, Texas | 100,000 MMBtu/day | 650 psig* *See below |
| <i>Secondary:</i> Houston Pipeline Meter #3358 San Patricio County, Texas | 100,000 MMBtu/day | 850 psig |

Except as provided below, all residue gas will be accepted by Buyer at the "Primary" Point of Delivery, and Buyer will cause the pressures at the Primary Point of Delivery not to exceed 650 psig. However, if, to the extent that, and only for so long as (i) the residue gas available under this Agreement exceeds Buyer's and all of its affiliates' gas requirements to supply their Ingleside Markets, or (ii) Buyer is unable to accept all of the residue gas at the Primary Point of Delivery due to an event of force majeure as provided in Section 11.1, then (iii) the pressure at the Primary Point of Delivery may increase to not more 850 psig and Buyer may also accept residue gas at the Point of Delivery designated "Secondary." Buyer will notify Seller of each event that causes Buyer to increase pressures at the Primary Point of Delivery or deliveries at the Secondary Point of Delivery, and the reasons therefor, as soon as reasonably practicable, and will again notify Seller upon the correction of the event.

3.2 Buyer or Buyer's designee owns and shall maintain and operate metering and measurement equipment at the Point(s) of Delivery.

3.3 Title to all gas sold and delivered hereunder shall pass from Seller to Buyer at the Point(s) of Delivery. As between parties hereto, Seller shall be responsible for any damage or injury caused by the gas until the same shall have been delivered to Buyer at the Point(s) of Delivery. Buyer shall be deemed to be in exclusive control and possession thereof after receipt by Buyer at the Point(s) of Delivery and shall be responsible for any damage or injury caused thereby.

ARTICLE IV

DELIVERY PRESSURE

4.1 The gas delivered hereunder by Seller to Buyer shall be delivered at the Point(s) of Delivery at a pressure sufficient to overcome the operating pressures at such Point(s) of Delivery. Buyer shall cause such operating pressures not to exceed the Maximum Operating Pressure listed in Paragraph 3.1.

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ARTICLE V

MEASURING EQUIPMENT AND TESTING

5.1 Buyer, or its designee, shall maintain and operate at its own expense the measuring station(s) at the Point(s) of Delivery through which the quantity of gas purchased and sold hereunder shall be measured. Seller may install, maintain and operate, at its own expense, such check measuring equipment as desired; provided, that such equipment shall be installed so as not to interfere with the operation of Buyer's or its designee's measuring equipment.

5.2 The measuring equipment shall be constructed, installed and operated in accordance with the following depending on the type of meters used:

- a. Orifice Meters—in accordance with ANSI/API 2530 (American Gas Association Report No. 3), *Orifice Metering of Natural Gas and Other Hydrocarbon Fluids*, Second Edition, dated September 1985, and any subsequent amendments, revisions or modifications thereof and shall include the use of flange connections. Should gas pulsation problems occur upstream of the Point(s) of Delivery, Seller or its designee, or down stream of the Point(s) of Delivery, Buyer or its designee, shall take whatever steps necessary to mitigate such pulsation.
- b. Positive Meters—in accordance with the American Gas Association Measurement Committee Report No. 6 (American Gas Association Report No. 6) dated January 1971, and any subsequent amendments, revisions or modifications thereof.
- c. Turbine Meters—in accordance with the American Gas Association Measurement Committee Report No. 7 (American Gas Association Report No. 7), First Revision, dated November 1984, and any subsequent amendments, revisions or modifications thereof.
- d. Electronic Transducers and Flow Computers (solar and otherwise)—in accordance with the applicable American Gas Association standards, including but not limited to American Gas Association Measurement Committee Report Nos. 3, 5, 6 and 7 and any subsequent amendments, revisions, or modifications thereof.

Notwithstanding anything contained in this Section to the contrary, Buyer or its designee shall not be required to replace or make any alterations to its measuring equipment as a result of any subsequent amendments, revisions or modifications of the American Gas Association Reports cited in Subparagraphs (a) through (d) of this Section, unless the Parties mutually agree to such replacement or alteration.

5.3 Buyer shall give reasonable notice to Seller in order that Seller may have a representative present to observe any cleaning, changing, repairing, inspecting, testing, calibrating or adjusting of the measuring equipment at the Point(s) of Delivery. The official charts (recordings) from the measuring equipment shall remain the property of Buyer or its designee. Upon request, Buyer or its designee will submit its records and charts, together with calculations therefrom, to Seller for inspection and verification, subject to return to Buyer or its designee within ten (10) days after receipt thereof.

5.4 The accuracy of all measuring equipment shall be verified by Buyer or its designee at reasonable intervals and, if requested, in the presence of a representative of Seller. Buyer or its designee shall verify the accuracy of such equipment once every three (3) months unless Seller requests a special test as described below; provided, however, that when daily deliveries of gas at any Point of Delivery average ten thousand (10,000) Mcf per day or greater during any month, the accuracy of the measuring equipment shall be verified once every month. If, upon any test, the measuring equipment is found to be inaccurate by two percent (2%) or less, previous readings of such

equipment will be considered correct in computing the deliveries of gas hereunder, but such equipment shall immediately be adjusted to record accurately. If, upon any test, the measuring equipment is found to be inaccurate by more than two percent (2%) of the average flow rate since the last test, then any previous recordings

of such equipment shall be corrected to zero (0) error for any period which is known definitely or agreed upon, utilizing the procedure set forth in Paragraph (e) of this Section. If such period is not known or agreed upon, such correction shall be made for a period covering one-half ($1/2$) of the time elapsed since the date of the latest test, but not to exceed sixteen (16) days when the equipment is tested every month and not to exceed forty-five (45) days when the equipment is tested every three (3) months. In the event Seller desires a special test of any measuring equipment, at least seventy-two (72) hours advance notice shall be given to Buyer by Seller, and both Parties shall cooperate to secure a prompt test of the accuracy of such equipment. If the measuring equipment so tested is found to be inaccurate by two percent (2%) or less, Buyer shall have the right to bill Seller for the costs incurred due to such special test, including any labor and transportation costs, and Seller shall pay such costs promptly upon invoice therefore.

5.5 If, for any reason, any measurement equipment is out of adjustment, out of service, or out of repair and the total calculated hourly flow rate through each meter run is found to be in error by an amount of the magnitude described in Section 5.4, the total quantity of Gas delivered shall be redetermined in accordance with the first of the following methods which is feasible:

- a. By using the registration of any check meter(s), (if installed and accurately registering subject to testing as described in Section 5.4); or
- b. Where parallel multiple meter runs exist, by calculation using the registration of such parallel meter runs; provided that they are measuring gas from upstream headers in common with the faulty metering equipment, are not controlled by separate regulators, and are accurately registering; or
- c. By correcting the error by rereading of the official charts, or by straightforward application of a correcting factor to the quantities recorded for the period (if the net percentage of error is ascertainable by calibration, tests or mathematical calculation); or
- d. By estimating the quantity, based upon deliveries made during periods of similar conditions when the meter was registering accurately.

5.6 Buyer or its designee shall retain and preserve for a period of at least four (4) years all test data, charts and other similar records.

ARTICLE VI

MEASUREMENT SPECIFICATIONS

The measurements of the quantity and quality of all Gas delivered at the Point(s) of Delivery shall be conducted in accordance with the following:

6.1 The unit of volume for measurement shall be one (1) cubic foot. Such measured volumes, converted to Mcf, shall be multiplied by their gross heating value per cubic foot and divided by 1,000 to determine MMBtu delivered hereunder.

6.2 Subject to Section 5.2 hereof, computations for gas measurement shall be made in accordance with the following depending on the type of meters used:

- a. Orifice meters—ANSI/API 2530 (American Gas Association Report No. 3), *Orifice Metering of Natural Gas and Other Hydrocarbon Fluids*, Second Edition, dated September 1985, and any subsequent amendments, revisions, or modifications thereof.
- b. Positive meters—American Gas Association Measurement Committee Report No. 6 (American Gas Association Report No. 6), dated January 1971, and any subsequent amendments, revisions or modifications thereof.

c. Turbine meters—American Gas Association Measurement Committee Report No. 7 (American Gas Association Report No. 7); First Revision, dated November 1984, and any subsequent amendments, revisions or modifications thereof.

d. Electronic transducers and flow computers—American Gas Association Report Nos. 3, 5, 6 & 7 and any subsequent amendments, revisions or modifications thereof.

6.3 The temperature of the gas shall be determined by a recording thermometer installed so that it may record the temperature of the gas flowing through the meters, or such other means of recording temperature as may be mutually agreed upon by the Parties. The average of the record to the nearest one degree Fahrenheit (1°F), obtained while gas is being delivered, shall be the applicable flowing gas temperature for the period under consideration.

6.4 The specific gravity of the gas shall be determined by a recording gravimeter or chromatographic device installed and located at a suitable point to record representative specific gravity of the gas being metered or, at Buyer's or its designee's option, by spot samples or continuous sampling using standard type gravity methods. If a recording gravimeter or chromatographic device is used, the gravity to the nearest one-thousandth (0.001) obtained while gas is being delivered shall be the specific gravity of the gas used for the recording period. If the spot sample or continuous sampling method is used, the gravity to the nearest one-thousandth (0.001) shall be determined once a month from a gas analysis. The result should be applied during such month for the determination of gas volumes delivered.

6.5 Adjustments to measured gas volumes for the effects of supercompressibility shall be made in accordance with accepted American Gas Association standards. Buyer or its designee shall obtain appropriate carbon dioxide and nitrogen mole fraction values for the gas delivered as may be required to compute such adjustments in accordance with standard testing procedures. At Buyer's or its designee's option, equations for the calculation of supercompressibility may be taken from either the American Gas Association Manual for the Determination of Supercompressibility Factors for Natural Gas, dated December, 1962 (also known as the "NX-19 Manual") or American Gas Association Report No. 8, dated December 1985, *Compressibility and Supercompressibility for Natural Gas and Other Hydrocarbon Gases*, latest revision.

6.6 For purposes of measurement and meter calibration, the atmospheric pressure for each of the Point(s) of Delivery shall be assumed to be the pressure value determined by Buyer, or its designee, for the county elevation at which such point is located pursuant to generally accepted industry practices irrespective of the actual atmospheric pressure at such Point from time to time.

6.7 The gross heating value of the gas delivered at the Point(s) of Delivery shall be determined at least once each quarter by means of some approved method of general use in the gas industry. Provided, however, that when daily deliveries of gas at any Point of Delivery average ten thousand (10,000) Mcf or greater during any month, the gross heating value of the gas delivered at any Point of Delivery shall be taken monthly at a suitable point on the Facility to be representative of the gas being metered.

6.8 Other tests to determine water content, sulfur, and other impurities in the gas shall be conducted whenever requested by either Party and shall be conducted in accordance with standard industry testing procedures. The Party requested to perform such test(s), shall bear the cost of such test(s) only in the event the gas tested is determined not to be within the quality specification set forth below. If the gas is within such quality specification, the requesting Party shall bear the cost of such test(s).

6.9 If at any time during the term hereof a new method or technique is developed with respect to gas measurement or the determination of the factors used in such gas measurement, then such new

method or technique may be substituted for the method set forth in this Article when such methods or techniques are in accordance with the currently accepted standards of the American Gas Association.

ARTICLE VII

QUALITY

7.1 All natural gas delivered at the Point(s) of Delivery (subject to the receiving pipeline quality specifications) hereunder shall conform to the following specifications:

- a. *Water Vapor*: The gas shall not have a water vapor content in excess of seven (7) pounds of water vapor per one million (1,000,000) cubic feet of gas.
- b. *Hydrogen Sulfide*: Subject to the provisions of Subparagraph (h) below, the gas shall not contain more than one-quarter ($\frac{1}{4}$) grain of hydrogen sulfide per one hundred (100) cubic feet of gas at the Point(s) of Delivery, as determined by quantitative tests.
- c. *Total Sulfur*: Subject to the provisions of Subparagraph (h) below, the gas shall not contain more than five (5) grains of total sulfur per one hundred (100) cubic feet of gas at the Point(s) of Delivery, as determined by quantitative tests.
- d. *Temperature*: The gas shall not have a temperature less than forty degrees Fahrenheit (40°F) or more than one hundred twenty degrees Fahrenheit (120°F).
- e. *Carbon Dioxide*: Subject to the provisions of Subparagraph (h) below, the gas shall not contain more than two percent (2%) by volume of carbon dioxide at the Point(s) of Delivery.
- f. *Oxygen*: Subject to the provisions of Subparagraph (h) below, the gas shall contain no more than one percent (1%) by volume of oxygen at the Point(s) of Delivery.
- g. *Nitrogen*: Subject to the provisions of Subparagraph (h) below, the gas shall not contain more than two percent (2%) by volume of nitrogen at the Point(s) of Delivery.
- h. *Nonhydrocarbons*: Notwithstanding the foregoing provisions of this Section 7.1 to the contrary, the gas shall not contain more than three percent (3%) by volume of total nonhydrocarbons at the Point(s) of Delivery. Nonhydrocarbons shall include, but not be limited to, water, hydrogen sulfide, sulfur, carbon dioxide, oxygen and nitrogen.
- i. *Objectionable Liquids and Solids and Dilution*: The gas shall be free of objectionable liquids and solids, shall not contain any hydrocarbons which might condense to free liquids in the pipeline under normal pipeline conditions and shall be commercially free from dust, gums, gum-forming constituents, and other liquids or solid matter which might become separated from the gas in the course of transportation through pipelines.
- j. *Gross Heating Value*: The gas shall not have a Gross Heating Value less than nine hundred fifty (950) Btu per Cubic Foot of Gas or more than one thousand, one hundred fifty (1,150) Btu per cubic foot of gas.

7.2 In the event the gas delivered at any of the Point(s) of Delivery hereunder should fail to meet any of the quality specifications stated above, then Buyer shall notify Seller and Seller shall make a diligent effort to correct the situation. Buyer shall have the right to refuse to accept such gas for so long as the Seller is unable to deliver gas conforming to such specifications.

7.3 In the event Seller is unable, either physically or economically, to conform the Gas to such specifications within thirty (30) days after Buyer's notification to Seller of the situation, then this Agreement shall terminate effective at the end of said thirty (30) day period, whereupon neither Party shall have any future rights, obligations or liabilities hereunder.

ARTICLE VIII

PRICE, BILLING AND PAYMENT

8.1 The price for each MMBtu of gas sold and delivered hereunder shall be as follows:

- a. The price for each MMBtu of the Minimum Daily Quantity sold and delivered hereunder during any month shall be the Index Price minus *.
- b. The price for each MMBtu of Excess Gas sold and delivered hereunder during each day shall be the Agua Dulce Index Price applicable to such day.

8.2 On or before the sixteenth (16th) day of each calendar month, Seller will render to Buyer a statement setting forth the total quantity of gas, in terms of Mcf and MMBtu, delivered hereunder at the Point(s) of Delivery during the immediately preceding calendar month and the amount payable therefor. Buyer agrees to pay Seller by wire transfer in immediately available funds pursuant to written wire transfer instructions provided by Seller to Buyer from time to time the full undisputed amount payable according

to such statement, consistent with the terms hereof, on or before the later of the twenty-sixth (26th) day of each month or ten (10) days following the receipt thereof by Buyer. Should Buyer fail to pay any undisputed amount when 8.3 the same becomes due, interest shall accrue thereon at a rate equal to the prime rate from time to time in effect and charged by the Citibank, N. A., New York, New York (but in no event greater than the maximum rate of interest permitted by law), with adjustments in such rate to be made on the same day as any change in such prime rate, for any period during which the same shall be overdue, such interest to be paid when the amount past due is paid. In the event of any dispute, Buyer and Seller shall meet and promptly resolve such dispute.

8.4 Each party hereto or its representative shall have the right at all reasonable times to examine the books and records of the other party to the extent necessary to verify the accuracy of any statement, charge, computation or demand made under or pursuant to this contract.

8.5 Any notice, request, demand, statement, payment or other correspondence shall be mailed to the post office address of each of the parties hereto, hereinafter stated, or to such other address as such party may hereafter designate to the other in writing:

| | |
|---------|---|
| Seller: | Corpus Christi Gas Marketing, L.P. 2501 Cedar Springs, Suite 600 Dallas, Texas 75201 Attn: Contract Administration |
| Buyer: | Tejas Gas Marketing, LLC 909 Fannin, Suite 700 Houston, Texas 77010 Attn: Contract Administrator |

ARTICLE IX

TERM

9.1 Subject to the other terms and conditions of this Contract, this Contract shall be effective and operative on March 1, 2001, unless mutually agreed otherwise, and shall continue in full force and effect through March 1, 2006, and month to month thereafter until terminated by either party upon at least thirty (30) days prior written notice.

* Denotes Confidential Portion Omitted and Filed Separately with the Commission

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ARTICLE X

WARRANTIES, INDEMNIFICATION

10.1 Seller represents and warrants to Buyer that it has full and unqualified title and authority to sell all gas delivered hereunder, and that such is free from all liens and adverse claims. Seller further represents and warrants to Buyer that all gas delivered hereunder shall conform to the quality specifications set forth in Article VII hereof. Seller will indemnify Buyer against all suits, debts, damages, costs and expenses arising from any losses or damages sustained by Buyer or its gas purchasers in the Ingleside markets to whom the gas purchased by Buyer hereunder is resold, resulting from any failure of such gas to conform to the quality specifications prescribed herein. The agreement of Seller in the preceding sentence of this Section 10.1 shall survive termination of this Agreement.

ARTICLE XI

FORCE MAJEURE

11.1 The term "force majeure" as employed herein shall mean acts and events not within the control of the party claiming suspension and shall include acts of God, strikes, lockouts or other industrial disturbances, inability to obtain pipe or other material or equipment or labor, wars, riots, insurrections, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, interruptions by government or court orders, present or future orders of any regulatory body having proper jurisdiction, civil disturbances, explosions, breakage, or accident to machinery or lines of pipe, freezing of wells or pipelines, and any other cause whether of the kind herein enumerated or otherwise. not within the control of the party claiming suspension and which, by the exercise of due diligence, such party is unable to overcome.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use reasonable diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies relieve either party of liability otherwise unless such party shall give notice and full particulars of the same in writing or by telegraph to the other party as soon as possible after the occurrence relied on.

11.2 In the event of either Buyer or Seller being, rendered unable by force majeure to itself or a necessary third party to wholly or in part carry out its obligations under the provisions of this Contract, it is agreed that the obligations of the party affected by such force majeure, other than the obligation to make payments thereunder, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall, so far as possible, be remedied with all reasonable dispatch. Nothing contained herein, however, shall be construed to require either party to settle a strike against its will.

ARTICLE XII

TAXES

12.1 Seller shall be responsible for all taxes levied on gas prior to its delivery to Buyer hereunder (including any taxes based on Seller's gross receipts or income derived from the sale of gas hereunder) at the rate or rates existing as of the date of this Contract. Subject to paragraph 11.2 of this Article, Buyer will reimburse Seller to the full extent of any new, or increased rate, of such taxes imposed after the date of this Contract.

12.2 Buyer shall have the option to either pay such additional taxes or charges (as enumerated in 11.1 above) or to give Seller thirty (30) days' written notice that it will not pay such taxes or charges. Within thirty (30) days of Seller's receipt of Buyer's notice, Seller shall, at its sole discretion, either

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(i) release Buyer of its obligation of reimbursing Seller for such additional taxes or charges throughout the term of this Contract or (ii) terminate the Contract; provided, however, if Seller elects to so terminate the Contract and if any such additional taxes or charges have accrued prior to the effective date of termination, then Buyer will reimburse Seller for the amount of such taxes or charges which accrued subsequent to the date Buyer first received notice of the new or increased taxes.

ARTICLE XIII

GOVERNMENTAL REGULATIONS

13.1 This Contract is subject to all valid existing and future Rules, Regulations, Orders, Laws or Proclamations of governmental authorities (both federal and state, including both civil and military) having jurisdiction over the parties hereto or the subject matter hereof.

13.2 If at any time during the term hereof, any governmental authority having jurisdiction over the parties hereto or the subject matter hereof shall take action as to Seller or Buyer whereby the purchase, sale, transportation, other handling (including without limitation compression or treating), delivery and receipt of Gas as contemplated hereunder shall be proscribed or subjected to terms, conditions, regulations, restraints, or price or rate controls, including but not limited to Gas inventory, reservation or similar charges, ceiling or limits that, in the sole judgment of Seller or Buyer, are unduly burdensome to that Party, such Party may thereafter, upon ninety (90) days' written notice, terminate this Contract, without further liability hereunder, except as to payment due at the time of such termination.

ARTICLE XIV

CERTAIN ADDITIONAL OBLIGATIONS OF EACH PARTY

14.1 Except as further provided in this Section 14.1, throughout the term of this Agreement, Seller shall be required to insure that all gas delivered at the tailgate of the Facility, including not only Seller's residue gas, as herein defined, but also all other gas delivered at the tailgate of Facility on behalf of third parties (subject to the terms of contracts existing with such third parties as of April 30, 2001) shall be tendered for delivery to Buyer, not to exceed 100 thousand MMBtu per day. Such 100 thousand MMBtu per day shall be satisfied first, to the extent possible, by residue gas owned by Seller that is sold to Buyer pursuant to this Contract, and then, by gas delivered to Buyer at the tailgate of the Facility on behalf of third parties. Except as provided below, Seller agrees that as a condition to processing third-party gas through the Facility (other than pursuant to contracts existing with third parties as of April 30, 2001), any owner of such third-party gas will first be required to demonstrate to Seller that such owner has entered into an agreement with Buyer or Buyer's affiliate for Buyer's or its affiliate's purchase and/or transport of any such third-party gas that Seller is to deliver at the tailgate of the Facility. Notwithstanding the above, (a) during any time when the pressure at the Primary Point of Delivery exceeds 650 psig, Seller will not be obligated to satisfy the conditions and obligations stated in this Section prior to agreeing to process through the Facility third-party gas not then under contract to Buyer or Seller; and (b) if the pressure at the Primary Point of Delivery exceeds 650 psig for ninety (90) consecutive days or more, Seller's obligations under this Section 14.1 with respect to third party gas will terminate for all purposes. Buyer shall comply with applicable laws and regulations, including the avoidance of any discrimination prohibited by law, with respect to any party requesting transportation of gas processed in the Facility. If Seller transfers any of its ownership interest in the Facility and/or this Contract during the term of this Agreement, then as a condition to the effectiveness of any such transfer the assignee shall be required to expressly acknowledge its awareness of, and to assume, the provisions of this Section 14.1.

14.2 If, and solely to the extent that, any contract in existence on April 30, 2001, between any third party and Seller to provide transportation of gas owned by such third party from the tailgate of the

Facility to parties other than Buyer, then Buyer shall, or shall cause its affiliates to, provide such transportation in accordance with the terms of such existing contract, provided that: (a) the consideration, if any, payable by such third party under the terms of such existing contract specifically for those transportation services downstream of the Facility shall be payable one-half to Seller and one-half to Buyer or its affiliate that provides such transportation services, and (b) any direct, actual costs incurred by Buyer or its affiliate to provide such transportation services, to the extent reasonably substantiated to Seller, shall be borne one-half by Seller and one-half by Buyer.

ARTICLE XV

ASSIGNMENT

15.1 The terms and provisions of this Contract shall be binding upon and inure to the benefit of the successors, assigns of legal representatives of the parties hereto and/or to any purchaser of the Facility, provided that neither party shall assign this Contract or any portion thereof, or any of its rights and obligations hereunder, to any third party, (other than affiliates of Seller or a purchaser of the Facility) without the prior written consent of the other, which consent will not be unreasonably withheld, and provided further, that either party shall have the right to pledge or mortgage its respective rights hereunder for the security of its indebtedness without the prior written consent of the other.

ARTICLE XVI

MISCELLANEOUS

16.1 This Contract constitutes the entire contract between the parties and no other matter, oral or written, prior to the date hereof, shall vary, alter or aid the interpretation of the provisions hereof. The headings and captions in this Contract are for convenience and shall not constitute a part of the contract or be considered interpretive thereof.

16.2 Buyer and Seller acknowledge and agree that no third party, including Buyer's Customer, is an intended beneficiary of this contract. Accordingly, no third party, other than a permitted successor or assign of Seller or Buyer under the provisions of Section 15.1 hereof, shall ever be entitled to claim any of the rights or benefits, or to enforce any of the obligations, arising under the terms of this Contract.

16.3 This Contract was prepared jointly by the parties hereto and not by either party to the exclusion of the other.

16.4 This Contract shall be governed by the laws of the State of Texas.

16.5 The failure of either party hereto to exercise any right granted hereunder shall not impair nor be deemed as a waiver of such party's privilege of exercising such right at any subsequent time or times.

16.6 It is further agreed that no modification or change of the terms of this Contract shall be enforceable unless and until such modification or change is reduced to writing and executed by both parties.

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IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in multiple originals of equal dignity by their respective representatives thereunto duly authorized.

EXECUTED effective as of the 1st day of March, 2001.

TEJAS GAS MARKETING, LLC

By: /s/ ROBERT CLARK

Name: Robert Clark

Title: Senior Vice President

CORPUS CHRISTI GAS MARKETING, L.P.

By: /s/ JAMES R. WALES

Name: James R. Wales

Title: Executive Vice President

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AMENDMENT TO GAS SALES AGREEMENT

This Amendment is made and entered into this 1st day of October, 2001, by and between **TEJAS GAS MARKETING, LLC**, hereinafter referred to as "Buyer," and **CROSSTEX CCNG MARKETING, L.P.**, a successor in interest to **CORPUS CHRISTI GAS MARKETING, L.P. AND CROSSTEX CCNG PROCESSING LTD**, a successor in interest to **CORPUS CHRISTI GAS PROCESSING, L.P.** hereinafter collectively referred to as "Seller".

WITNESSETH

WHEREAS, Seller and Buyer previously entered into that certain Gas Sales Agreement effective March 1, 2001 (the "Agreement").

WHEREAS, Seller and Buyer have agreed to amend the Agreement as described herein effective as of October 1, 2001.

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

I.

The Agreement is hereby amended by deleting Paragraph 2.1 of Article II, QUANTITY in its entirety and substituting a new Paragraph 2.1 as follows:

"2.1 Subject to the other terms and provisions hereof, Seller shall sell and deliver, or cause to be delivered to Buyer, at the Point(s) of Delivery hereunder, and Buyer shall buy one hundred percent (100%) of all of Seller's and Seller's affiliates' residue gas available for delivery each day. On or before the sixth (6th) business day prior to the first day of each month (the "Nomination Deadline"), Seller will nominate to Buyer the quantity of residue gas available to be tendered for delivery to Buyer at the Point of Delivery each day during such month (the "Nominated Quantity"). In the event that Seller fails to provide Buyer with the Nominated Quantity for the succeeding month by the Nomination Deadline, the Nominated Quantity for such given month will be determined by taking the average of the actual quantity of residue gas delivered to Buyer by Seller during the ten (10) days prior to the Nomination Deadline. The Nominated Quantity for any month, plus or minus a ten percent (10%) tolerance is herein called the "Minimum Daily Quantity." In the event Buyer purchases more than the Minimum Daily Quantity on any day, the difference between the quantity of residue gas actually received by Buyer on such day and the Minimum Daily Quantity shall be deemed "Excess Gas." If, and to the extent that, Seller sells and delivers to Buyer at the Point(s) of Delivery during any month residue gas produced from wells that were newly connected and not available to be included in the nominations for such month as set forth above, then for the remainder of such month the residue gas delivered from such newly connected wells shall be deemed "Excess Gas" for pricing purposes under Section 8.1 hereof. In the event Seller delivers less than the Minimum Daily Quantity on any Day, the difference between the Minimum Daily Quantity and the quantity of Residue Gas actually received by Buyer on such Day shall be deemed "Deficiency Gas" for pricing purposes under Section 8.1 hereof. Seller shall endeavor to notify Buyer prior to any significant changes in Seller's deliveries of residue gas hereunder."

II.

The Agreement is hereby amended by adding the following Section "c." to the end of Paragraph 8.1 of Article VIII, PRICE, BILLING AND PAYMENT:

"c. The price to be paid by Seller to Buyer for each MMBtu of Deficiency Gas shall be the difference between the Index Price minus* per MMBtu and the "Midpoint" price for the "East- Houston-Katy, Katy plant tailgate" as reported in the "DAILY PRICE SURVEY" of PLATTS GAS DAILY (as published by The McGraw-Hill Companies, Inc.)."

* Denotes Confidential Portion Omitted and Filed Separately with the Commission

III.

The Agreement is hereby amended by adding the following Section "d." to the end of Paragraph 8.1 of Article VIII, PRICE, BILLING AND PAYMENT:

"If gas is purchased either from 9:00 A.M. Central Time Saturday through 9:00 A.M. Central Time Monday (the "Weekend") or on a Federal Bank Reserve holiday (the "Holiday"), the gas will be priced at the Index Price the day following the Weekend or the Holiday."

IV.

The Agreement is hereby amended by adding the following to the end of Paragraph 8.2 of Article VIII, PRICE, BILLING, AND PAYMENT:

"In the event that Seller is required to pay Buyer for Deficiency Gas during a given Month, then the amounts due to both parties for such Month shall be aggregated and Buyer and Seller shall discharge their obligations to pay through netting, in which case Buyer, when owing the greater aggregate amount may pay to Seller the difference between the amounts owed."

V.

The Agreement is hereby amended by adding the following sentence to the end of the first paragraph of Section 11.1 of Article XI, FORCE MAJEURE:

"Premature, partial or entire failure of Seller's Gas supply does not constitute a Force Majeure event."

This Amendment shall become effective as of October 1, 2001.

Except as herein specifically modified and amended, all terms, provisions, covenants and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment to Gas Sales Agreement has been executed in duplicate originals on the dates written below.

| | | | |
|--------------------------------|-------|--------------------------------------|-------|
| BUYER: | | SELLER: | |
| TEJAS GAS MARKETING LLC | | CROSSTEX CCNG MARKETING, L.P. | |
| BY: /s/ ROBERT CLARK | _____ | BY: /s/ JAMES R. WALES | _____ |
| TITLE: Senior Vice President | _____ | TITLE: Executive Vice President | _____ |
| DATE: 10/23/01 | | DATE: 10/17/01 | |

QuickLinks

[Exhibit 10.6](#)

- [GAS SALES AGREEMENT BETWEEN TEJAS GAS MARKETING, LLC "BUYER" AND CORPUS CHRISTI GAS MARKETING, L.P. AND CORPUS CHRISTI GAS PROCESSING, L.P. "SELLER"](#)
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- [V.](#)

GAS SALES AGREEMENT

THIS GAS SALES AGREEMENT is made and entered into effective as of the 17th Day of December, 1998, by and between **GC MARKETING COMPANY, BY TEJAS GAS TRANSMISSION, LLC, ITS MANAGING PARTNER**, hereinafter referred to as "Seller," and **RELIANT ENERGY ENTEX**, hereinafter referred to as "Buyer." Buyer and Seller are sometimes referred to singularly as "Party" and collectively as "Parties."

WITNESSETH:

WHEREAS, subject to the terms and conditions hereinafter set forth, Buyer desires to purchase certain quantities of Gas from Seller and Seller desires to sell such quantities of Gas to Buyer.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter set forth, the Parties hereto covenant and agree as follows:

**ARTICLE I
QUANTITY**

1.1 Subject to the terms and conditions hereof, Seller agrees to sell and deliver and Buyer agrees to purchase and receive, at the Point of Delivery identified herein, a quantity of natural gas equal to one hundred percent (100%) of the total daily fuel requirements for resale by Buyer to certain of Buyer's residential and commercial customers (the "Contract Quantity").

1.2 To the extent permitted by applicable laws, rules, regulations and orders of any governmental agency, court or authority having jurisdiction and subject to conditions of force majeure, and/or requests by governmental officials or the Natural Gas Reliability Council (or any successor thereto), Seller shall sell and deliver to Buyer and Buyer shall purchase and receive from Seller the Contract Quantity on a firm basis, without interruption, suspension or curtailment, at the rates and price(s) set out herein. However, notwithstanding the foregoing to the contrary, if either Party interrupts, suspends or curtails the receipts or deliveries of Gas hereunder pursuant to the laws, rules, regulations or orders of any governmental agency, court or authority having jurisdiction, or due to conditions of force majeure or upon the request of any court, agency, governmental official or the Natural Gas Reliability Council (or any successor thereto), then the interrupting Party shall incur no liability of any kind or character to the other Party as a result of or with respect to such interruption, suspension or curtailment.

**ARTICLE II
PRICE OF GAS**

2.1 The price Buyer shall pay Seller for all quantities of Gas sold and delivered hereunder shall be the price per MMBtu published in the first issue for the applicable month's delivery of *Inside F.E.R.C.'s Gas Market Report*, under the heading "Delivered Spot-Gas Prices," for Houston Ship Channel/Beaumont, Texas, index (large packages only), plus * per MMBtu.

**ARTICLE III
POINTS OF DELIVERY**

3.1 The Point(s) of Delivery for all Gas delivered hereunder shall be at those point(s) of interconnect as described on Exhibit "B", attached hereto and made a part hereof.

* Denotes Confidential Portion Omitted and Filed Separately with the Commission.

**ARTICLE IV
TERM**

4.1 Subject to the other provisions of this Agreement, this Agreement shall be effective on the date first written above and shall remain in full force and effect for a primary term ending on July 1, 2002, and year to year thereafter until terminated by either Party as provided in Paragraph 4.2 below.

4.2 Either Party may terminate this Agreement upon the expiration of the primary term or at any time thereafter by giving the other Party at least thirty (60) Days' prior written notice of such termination.

**ARTICLE V
NOTICES**

5.1 Any notice, request, demand, statement, payment or bill provided for in this Agreement, or any notice which a Party may desire to give to the other, shall be in writing and shall be considered as duly delivered as of the date of transmittal if mailed by the U.S. Postal Service, telefaxed, wire or courier expressed to the other Party at the following address:

SELLER:

Notices & Correspondence:

GC Marketing Company
By Tejas Gas Transmission, LLC,
Its Managing Partner
1301 McKinney Street, Suite 700
Houston, TX 77010
Attention: Contract Administration
Facsimile: (713) 230-1906

Accounting Matters:

GC Marketing Company,
By Tejas Gas Transmission, LLC
Its Managing Partner
1301 McKinney Street, Suite 700
Houston, TX 77010
Attention: Gas Accounting
Facsimile: (713) 230-9008

Payment:

Wells Fargo Bank
ABA Number 121000248
For credit to GC Marketing Company,
By Tejas Gas Transmission, LLC,
Its Managing Partner
Account Number 4159767375

BUYER:

Notices & Correspondence:

Reliant Energy Entex
P.O. Box 2628
Houston, TX 77252-2628
Attention: Gas Supply Department
Facsimile: (713) 654-5839

Billing:

Reliant Energy Entex
P. O. Box 2628
Houston, TX 77252-2628
Attention: Gas Accounting Department
Facsimile: (713) 654-5692

5.2 Either Party may change addresses by giving written notice to the other Party.

**ARTICLE VI
GENERAL**

6.1 The GENERAL TERMS AND CONDITIONS attached hereto as Exhibit "A" are incorporated herein as if set forth in full. In the event of any conflict between the terms and conditions contained in this Agreement and the terms and conditions contained in Exhibit "A", then this Agreement shall prevail.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in duplicate originals by their duly authorized officers effective as of the Day and Year first hereinabove written.

BUYER:
RELIANT ENERGY ENTEX

SELLER:
**GC MARKETING COMPANY,
BY TEJAS GAS TRANSMISSION, LLC,
ITS MANAGING PARTNER**

By: /s/ W. D. STINNETT, JR.

By: /s/ JOHN W. SEALE

W. D. Stinnett, Jr.
Senior Vice President

John W. Seale
Vice President

Date: 9-30-99

Date: 9-29-99

[SIGNATURE PAGE TO GAS SALES AGREEMENT ENTERED INTO EFFECTIVE AS OF DECEMBER 17, 1998, BETWEEN GC MARKETING COMPANY, BY TEJAS GAS TRANSMISSION, LLC, ITS MANAGING PARTNER AND RELIANT ENERGY ENTEX]

EXHIBIT "A"

to

GAS SALES AGREEMENT
DATED DECEMBER 17, 1998

between

**GC MARKETING COMPANY, BY TEJAS GAS TRANSMISSION, LLC,
ITS MANAGING PARTNER
(Seller)**

and

**RELIANT ENERGY ENTEX
(Buyer)**

GENERAL TERMS AND CONDITIONS

Section I.

Definitions

Unless another definition is expressly stated or the context requires otherwise, the following terms, when used in this Agreement and all exhibits and attachments hereto, are intended to and shall have the following meanings:

- (a) The term "**Gas**" as used herein shall mean natural gas or any mixture of hydrocarbon gases or of hydrocarbon gases and non-combustible gases, consisting predominantly of methane.
- (b) The term "**Day**" as used herein shall mean the twenty-four (24) hour period beginning at 9:00 a.m., Central time, on one calendar day and ending at 9:00 a.m., Central time, on the following calendar day; provided, however, that the term "Business Day" as used herein shall mean any Day that is a Monday, Tuesday, Wednesday, Thursday or Friday, except when such Day is a bank holiday.
- (c) The term "**Month**" as used herein shall mean the period beginning at 9:00 a.m., Central time, on the first Day of a calendar month and ending at 9:00 a.m., Central time, on the first Day of the succeeding calendar month.
- (d) The term "**Year**" as used herein shall mean a period of three hundred sixty-five (365) consecutive Days, provided that any calendar year containing the date of February 29 shall consist of three hundred sixty-six (366) consecutive Days.
- (e) The term "**Mcf**" as used herein shall mean one thousand (1,000) Cubic Feet.
- (f) The term "**Btu**" as used herein shall mean the amount of heat required to raise the temperature of one avoirdupois pound of pure water from fifty-eight and one-half degrees Fahrenheit (58.5EF) to fifty-nine and one-half degrees Fahrenheit (59.5EF) at a constant pressure of fourteen and sixty-five hundredths pounds per square inch absolute (14.65 psia).
- (g) The term "**MMBtu**" as used herein shall mean one million (1,000,000) Btu.
- (h) The term "**Gross Heating Value**" as used herein shall mean the number of Btu produced by the complete combustion, at constant pressure, of the amount of Gas which would occupy a volume of one (1) Cubic Foot at a temperature of sixty degrees Fahrenheit (60EF) when saturated with water vapor and at a pressure equivalent to fourteen and sixty-five hundredths pounds per square inch absolute (14.65 psia), under standard gravitational force (acceleration 980.665 centimeters per second per second), with air of the same temperature and pressure as the Gas when the products of combustion are cooled to the initial temperature of the Gas and air and when the water formed by combustion is condensed to the liquid state. The Gross Heating Value so determined shall be corrected to the conditions of testing to that of the actual condition of the Gas delivered, expressed in Btu per Cubic Foot and reported at a pressure base of fourteen and sixty-five hundredths pounds per square inch absolute (14.65 psia); provided, however, if the water vapor content of the Gas delivered is seven (7) pounds or less per one million (1,000,000) Cubic Feet, the Gas shall be assumed to be dry.
- (i) The term "**Cubic Foot**" shall mean a volume of Gas occupying a space of one (1) cubic foot at a temperature of sixty degrees Fahrenheit (60EF) and at a pressure of fourteen and sixty-five hundredths pounds per square inch absolute (14.65 psia).

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Section II.

Transportation

- (a) The Parties recognize and agree that the purchase and sale of Gas hereunder is conditioned upon Buyer and/or Seller entering into transportation agreements and otherwise making any and all necessary transportation arrangements with third parties. In this regard, Buyer shall be responsible for making and paying for any and all arrangements for the transportation of the Gas after its delivery at the Point(s) of Delivery and Seller shall be responsible for making and paying for any and all arrangements for the transportation of the Gas prior to such delivery.
- (b) Each Party shall be obligated to notify the other Party in the event its available sales quantities or purchase requirements increase or decrease from that quantity mutually agreed to in the executed Confirmation Agreement. Each Party shall be responsible for promptly notifying its transporting pipeline(s) of such increase or decrease. If either Party is assessed penalties by its transporting pipeline due solely to the failure of the other Party to fulfill its obligations under this Agreement to receive or deliver the mutually agreed upon volume of Gas at the Point(s) of Delivery or to promptly notify the other Party in order that it can notify its transporting pipeline, the non-complying Party shall reimburse the penalized Party for all penalties so incurred, within thirty (30) days upon presentation of an invoice plus supporting documentation.

Section III.

Measuring Equipment and Testing

- (a) Unless otherwise mutually agreed to by the Parties in writing, Seller, or its designee, shall maintain and operate at its own expense the measuring station(s) at the Point(s) of Delivery through which the quantity of Gas delivered hereunder shall be measured. Buyer may install, maintain and operate, at its own expense, such check measuring equipment as desired; provided, that such equipment shall be installed so as not to interfere with the operation of Seller's or its designee's measuring equipment.
- (b) The measuring equipment shall be constructed, installed and operated in accordance with the following depending on the type of meters used:
- (1) Orifice Meters—in accordance with ANSI/API 2530 (American Gas Association Report No. 3), *Orifice Metering of Natural Gas and Other Hydrocarbon Fluids*, Second Edition, dated September 1985, and any subsequent amendments, revisions or modifications thereof and shall include the use of flange connections. Should Gas pulsation problems occur upstream of the delivery meter, Seller shall take whatever steps necessary to mitigate such pulsation upstream of the delivery meter.
 - (2) Positive Meters—in accordance with the American Gas Association Measurement Committee Report No. 6 (American Gas Association Report No. 6) dated January 1971, and any subsequent amendments, revisions or modifications thereof.
 - (3) Turbine Meters—in accordance with the American Gas Association Measurement Committee Report No. 7 (American Gas Association Report No. 7), First Revision, dated November 1984, and any subsequent amendments, revisions or modifications thereof. Electronic Transducers and Flow Computers (solar and otherwise)—in accordance with the Applicable American Gas Association standards, including but not limited to American Gas Association Measurement Committee Report Nos. 3, 5, 6 and 7 and any subsequent amendments, revisions, or modifications thereof.

Notwithstanding anything contained in this Paragraph (b) to the contrary, Seller or its designee shall not be required to replace or make any alterations to its measuring equipment as a result of

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any subsequent amendments, revisions or modifications of the American Gas Association Reports cited in Subparagraphs (1) through (4) of this Paragraph (b), unless the Parties mutually agree to such replacement or alteration.

- (c) Seller shall give reasonable notice to Buyer in order that Buyer may have a representative present to observe any cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting of the measuring equipment at the Point(s) of Delivery. The official charts (recordings) from the measuring equipment shall remain the property of Seller or its designee. Upon request, Seller or its designee will submit its records and charts, together with calculations therefrom, to Buyer for inspection and verification, subject to return to Seller or its designee within ten (10) Days after receipt thereof.
- (d) The accuracy of measuring equipment shall be verified by Seller or its designee at reasonable intervals and, if requested, in the presence of a representative of Buyer. Seller or its designee shall verify the accuracy of such equipment once every three (3) Months unless Buyer requests a special test as described below; provided, however, that when daily deliveries of Gas at any Point of Delivery average ten thousand (10,000) Mcf per Day or greater during any Month, the accuracy of the measuring equipment at such Point of Delivery shall be verified once every Month. If, upon any test, the measuring equipment is found to be inaccurate by two percent (2%) or less, previous readings of such equipment will be considered correct in computing the deliveries of Gas hereunder, but such equipment shall immediately be adjusted to record accurately. If, upon any test, the measuring equipment is found to be inaccurate by more than two percent (2%) of the average flow rate since the last test, then any previous recordings of such equipment shall be corrected to zero (0) error for any period which is known definitely or agreed upon, utilizing the procedure set forth in Paragraph (e) of this Section III. If such period is not known or agreed upon, such correction shall be made for a period covering one half ($1/2$) of the time elapsed since the date of the latest test, but not to exceed sixteen (16) Days when the equipment is tested every Month and not to exceed forty-five (45) Days when the equipment is tested every three (3) Months. In the event Buyer desires a special test of any measuring equipment, at least seventy-two (72) hours advance notice shall be given to Seller or its designee by Buyer, and both Parties shall cooperate to secure a prompt test of the accuracy of such equipment. If the measuring equipment so tested is found to be inaccurate by two percent (2%) or less, Seller or its designee shall have the right to bill Buyer for the costs incurred due to such special test, including any labor and transportation costs, and Buyer shall pay such costs promptly upon invoice therefore.
- (e) If, for any reason, any measurement equipment is out of adjustment, out of service, or out of repair and the total calculated hourly flow rate through each meter run is found to be in error by an amount of the magnitude described in Paragraph (d) of this Section III, the total quantity of Gas delivered shall be redetermined in accordance with the first of the following methods which is feasible:
- (1) By using the registration of any check meter(s), if installed and accurately registering (subject to testing as described in Paragraph (d) of this Section III); or
 - (2) Where parallel multiple meter runs exist, by calculation using the registration of such parallel meter runs; provided that they are measuring Gas from upstream headers in common with the faulty metering equipment, are not controlled by separate regulators, and are accurately registering; or
 - (3) By correcting the error by rereading of the official charts, or by straightforward application of a correcting factor to the quantities recorded for the period (if the net percentage of error is ascertainable by calibration, tests or mathematical calculation); or

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- (4) By estimating the quantity, based upon deliveries made during periods of similar conditions when the meter was registering accurately.
- (f) Seller or its designee shall retain and preserve for a period of at least four (4) Years all test data, charts and other similar records.

Section IV.

Measurement Specifications

The measurements of the quantity and quality of all Gas delivered at the Point(s) of Delivery shall be conducted in accordance with the following:

- (a) The unit of volume for measurement shall be one (1) Cubic Foot. Such measured volumes, converted to Mcf, shall be multiplied by their Gross Heating Value per Cubic Foot and divided by 1,000 to determine MMBtu delivered hereunder.
- (b) Subject to Paragraph (b) of Section III hereof, computations for Gas measurement shall be made in accordance with the following depending on the type of meters used:
- (1) Orifice meters—ANSI/API 2530 (American Gas Association Report No. 3), *Orifice Metering of Natural Gas and Other Hydrocarbon Fluids*, Second Edition, dated September 1985, and any subsequent amendments, revisions, or modifications thereof.
 - (2) Positive meters—American Gas Association Measurement Committee Report No. 6 (American Gas Association Report No. 6), dated January 1971, and any subsequent amendments, revisions or modifications thereof.
 - (3) Turbine meters—American Gas Association Measurement Committee Report No. 7 (American Gas Association Report No. 7), First Revision, dated November 1984, and any subsequent amendments, revisions or modifications thereof.
 - (4) Electronic transducers and flow computers—American Gas Association Report Nos. 3, 5, 6 & 7 and any subsequent amendments, revisions or modifications thereof.
- (c) The temperature of the Gas shall be determined by a recording thermometer installed so that it may record the temperature of the Gas flowing through the meters, or such other means of recording temperature as may be mutually agreed upon by the Parties. The average of the record to the nearest one degree Fahrenheit (1EF), obtained while Gas is being delivered, shall be the applicable flowing Gas temperature for the period under consideration.
- (d) The specific gravity of the Gas shall be determined by a recording gravitometer or chromatographic device installed and located at a suitable point to record representative specific gravity of the Gas being metered or, at Seller's or its designee's option, by spot samples or continuous sampling using standard type gravity methods. If a recording gravitometer or chromatographic device is used, the gravity to the nearest one-thousandth (0.001) obtained while Gas is being delivered shall be the specific gravity of the Gas used for the recording period. If the spot sample or continuous sampling method is used, the gravity to the nearest one-thousandth (0.001) shall be determined once a Month from a Gas analysis. The result should be applied during such Month for the determination of Gas volumes delivered.
- (e) Adjustments to measured Gas volumes for the effects of supercompressibility shall be made in accordance with accepted American Gas Association standards. Seller or its designee shall obtain appropriate carbon dioxide and nitrogen mole fraction values for the Gas delivered as may be required to compute such adjustments in accordance with standard testing procedures. At Seller's or its designee's option; equations for the calculation of supercompressibility may be taken from either the American Gas Association Manual for the Determination of Supercompressibility

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Factors for Natural Gas, dated December, 1962 (also known as the "NX-19 Manual") or American Gas Association Report No. 8, dated December 1985, Compressibility and Supercompressibility for Natural Gas and Other Hydrocarbon Gases, latest revision.

- (f) For purposes of measurement and meter calibration, the atmospheric pressure for each of the Point(s) of Delivery shall be assumed to be the pressure determined by Seller, or its designee, for the elevation at which such point is located pursuant to generally accepted industry practices, irrespective of the actual atmospheric pressure at such point(s) from time to time.
- (g) The Gross Heating Value of the Gas delivered at the Point(s) of Delivery shall be determined by using a Cutler-Hammer or other standard type calorimeter or by calculating the heating value from an in-line chromatograph or a Gas analysis of a spot or continuous Gas sample. The spot or continuous sample shall be taken Monthly and such sample shall be taken at a suitable point on the facilities to be representative of the Gas being metered.
- (h) Other tests to determine water content, sulfur, and other impurities in the Gas shall be conducted whenever requested by either Party and shall be conducted in accordance with standard industry testing procedures. When requested by Buyer to perform such test(s), Seller or its designee shall bear the cost of such test(s) only in the event the Gas tested is determined not to be within the quality specification set forth below. If the Gas is within such quality specification, then Buyer shall bear the cost of such test(s).
- (i) If at any time during the term hereof a new method or technique is developed with respect to Gas measurement or the determination of the factors used in such Gas measurement, then such new method or technique may be substituted for the method set forth in this Section IV when such methods or techniques are in accordance with the currently accepted standards of the American Gas Association.

Section V.

Quality

- (a) All Gas delivered by Seller to Buyer at the Point(s) of Delivery shall conform to the following specifications:
- (1) *Water Vapor*: The Gas shall not have a water vapor content in excess of seven (7) pounds of water vapor per one million (1,000,000) Cubic Feet of Gas.
 - (2) *Hydrogen Sulfide*: Subject to the provisions of subparagraph (8) below, the Gas shall not contain more than one quarter ($\frac{1}{4}$) grain of hydrogen sulfide per one hundred (100) Cubic Feet of Gas as determined by quantitative tests.
 - (3) *Total Sulfur*: Subject to the provisions of subparagraph (8) below, the Gas shall not contain more than ten (10) grains of total sulfur per one hundred (100) Cubic Feet of Gas as determined by quantitative tests.
 - (4) *Temperature*: The Gas shall not have a temperature less than forty degrees Fahrenheit (40EF) or more than one hundred twenty degrees Fahrenheit (120BF).
 - (5) *Carbon Dioxide*: Subject to the provisions of subparagraph (8) below, the Gas shall not contain more than three percent (3%) by volume of carbon dioxide.
 - (6) *Oxygen*: Subject to the provisions of subparagraph (8) below, the Gas shall not contain more than one percent (1%) by volume of oxygen and Seller shall make

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- (7) *Nitrogen*: Subject to the provisions of subparagraph (8) below, the Gas shall not contain more than three percent (3%) by volume of nitrogen.
 - (8) *Nonhydrocarbons*: Notwithstanding the foregoing provisions of this Section V to the contrary, the Gas shall not contain more than four percent (4%) by volume of total nonhydrocarbons. Nonhydrocarbons shall include, but not be limited to, hydrogen sulfide, sulfur, carbon dioxide, oxygen and nitrogen.
 - (9) *Objectionable Liquids and Solids and Dilution*: The Gas shall be free of objectionable liquids and solids and shall be commercially free from dust, gums, gum-forming constituents, and other liquids or solid matter which might become separated from the Gas in the course of transportation through pipelines.
 - (10) *Gross Heating Value*: The Gas shall not have a gross heating value less than nine hundred fifty (950) Btu per Cubic Foot of Gas or more than one thousand, one hundred fifty (1,150) Btu per Cubic Foot of Gas.
- (b) In the event the Gas delivered hereunder should fail to meet any of the quality specifications stated above, then Buyer shall immediately notify Seller of such non-conformity and shall then have the right to refuse any further non-conforming Gas for so long as Seller is unable to deliver Gas conforming to the quality specifications.

Section VI.

Delivery Pressure

Seller shall deliver Gas hereunder at the pressures prevailing in Seller's or its designee's facilities at the Point(s) of Delivery from time to time; provided, however, that neither Party shall be obligated to compress the Gas to effectuate delivery.

Section VII.

Taxes

- (a) Except as provided in Paragraph (b) of this Section V, Buyer shall be responsible for and shall pay all taxes assessed or levied on the Gas on or after its delivery to or for the account of Buyer at the Point(s) of Delivery and Seller shall be responsible for and shall pay all taxes assessed or levied on the Gas prior to its delivery to or for the account of Buyer at the Point(s) of Delivery; provided, however, that Buyer shall reimburse Seller or its Transporter promptly upon invoice for any new, additional, increased or subsequently applicable taxes assessed or levied upon Seller with respect to the Gas delivered to Buyer hereunder which are in excess of the taxes in effect on the date hereof.
- (b) In the event any of the sales of Gas hereunder are exempt from or not subject to any particular tax(es), then Buyer shall provide Seller with all necessary documentation to evidence such exemption or exclusion. In the event Buyer does not provide such documentation within thirty (30) Days after the execution of this Agreement, then Buyer shall indemnify, defend and hold Seller harmless from any liability with respect to such tax(es).

Section VIII.

Billings and Payments

- (a) As soon as practicable each Month, Seller shall render to Buyer a statement setting forth the total Mcf and MMBtu of Gas delivered for the account of Buyer at the Point(s) of Delivery during the preceding Month and an invoice setting forth the amount due Seller therefor. Buyer shall pay Seller for all amounts set forth in Seller's invoice by the later of the twentieth-fifth (25th) Day of

the Month or ten (10) Days from the date of such invoice, except when such Day is not a Business Day, in which case payment shall be due on the following Business Day.

- (b) Should Buyer fail to pay the amount of any invoice rendered by Seller hereunder when such amount is due, interest thereon shall accrue from the due date until the date payment thereof is actually made at the lesser of the then effective prime rate of Wells Fargo Bank, Houston, Texas, plus one percent (1%), computed on an annualized basis and compounded Monthly, or the maximum rate of interest permitted by applicable law, not to exceed the maximum legal rate. Seller shall render a late payment charge invoice and Buyer shall make payment therefor within ten (10) Days of the date of such invoice. Seller may suspend sales hereunder to Buyer until such amount is paid.
- (c) In the event any invoice is disputed by Buyer, Buyer shall pay the undisputed amounts and shall, within ten (10) Days from the date of Seller's invoice, give Seller written notification setting forth the disputed amount and the basis therefor. Buyer and Seller shall use reasonable diligence to resolve disputed amounts within thirty (30) Days following written notification. If the undisputed amount is not paid when due, the undisputed amount shall be subject to late payment charges as described above. Any disputed amount which later is determined to be due to Seller shall be subject to late payment charges from the original due date.
- (d) Each Party shall have the right at all reasonable times to audit the records of the other Party to the extent necessary to verify performance under any of the terms and conditions of this Agreement, provided that each Party will protect the confidentiality of such records.
- (e) Subsequent to any invoice having been paid, if any overcharge or undercharge in any form whatsoever shall be found, Seller shall refund the amount of any overcharge received by Seller, and Buyer shall pay the amount of any undercharge due Seller, within thirty (30) Days after final determination thereof; provided, however, no retroactive adjustments will be made for any overcharge or undercharge beyond a period of twenty-four (24) Months from the date of the invoice(s). The provisions of this Paragraph (c) shall survive the termination of this Agreement.
- (f) No adjustments, retroactive or prospective, shall be made to volumes for prior periods, whether the result of volume allocation errors or any other reason other than

meter calibration error, that involve changes that would be less than one hundred (100) MMBtu per Month.

Section IX.

Financial Responsibility

If, during the term of this Agreement, Buyer fails to pay according to provisions hereof and/or Seller, in its sole judgment reasonably exercised, determines that the credit worthiness or financial responsibility of Buyer has become impaired or unsatisfactory, then Seller may, upon written notice to Buyer, require Buyer to pay for Gas hereunder in cash in advance of Seller's delivery thereof or request other security satisfactory to Seller before further deliveries are made. In the event Buyer (i) makes an assignment or any general arrangement for the benefit of creditors, (ii) defaults in the payment or performance of any obligation to Seller under this Agreement, (iii) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors or has such petition filed or proceeding commenced against it, (iv) otherwise becomes bankrupt or insolvent (however evidenced), (v) is unable to pay its debts as they fall due, or (vi) fails to give adequate security for or assurance of its ability to perform its obligations under this Agreement within forty-eight (48) hours of a reasonable request by Seller, then Seller shall have the right to withhold or suspend deliveries of Gas hereunder or terminate this Agreement without prior notice and without prejudice to any and all claims for damages or other

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rights or remedies available under this Agreement or pursuant to law, and without liability of any kind or character to Buyer.

Section X.

Title, Possession and Responsibility

Title to all Gas sold hereunder shall pass to Buyer at the Point(s) of Delivery. As between the Parties hereto, Buyer shall be deemed in possession of and solely liable and responsible for said Gas after its delivery at the Point(s) of Delivery and Seller shall be deemed in possession of and solely liable and responsible for said Gas at all times prior to such delivery. Each Party shall indemnify and defend the other Party for and save it harmless from, any and all losses, costs, expenses, damages, injuries, or liabilities caused by the Gas in its possession if not due to or contributed to by the negligent act or omission of the other Party.

Section XI.

Warranty of Title

- (a) Seller hereby warrants that at the time of delivery of Gas hereunder it will have good, merchantable title to such Gas, and that such Gas shall be free and clear of all liens and adverse claims.
- (b) *EXCEPT AS PROVIDED IN PARAGRAPH (A) OF SECTION XI AND PARAGRAPH (B) OF SECTION XVI, SELLER MAKES NO WARRANTIES HEREUNDER AND DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE GAS DELIVERED HEREUNDER.*

Section XII.

Odorization

It is understood and agreed that none of the Gas delivered by Seller or its designee to or for the account of Buyer pursuant to this Agreement will be odorized. Any odorization that may be required by any applicable statute, order, rule, or regulation at any location downstream of the Point(s) of Delivery shall be the sole responsibility of Buyer. Buyer agrees to indemnify and hold Seller and its affiliates harmless from any and all claims, demands, causes of action, losses, damages or injuries (including death) that may result from the operation and maintenance of odorization facilities or equipment at, near or downstream of the Point(s) of Delivery, or the lack thereof, or that result from the failure of Buyer to properly odorize Gas delivered by Seller hereunder.

Section XIII.

Force Majeure

- (a) In the event either Party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, except for the obligations to make payments hereunder, it is agreed that, on such Party's giving notice and reasonably full particulars of such force majeure, orally as soon as practicable and followed in writing or by electronic transmission, to the other Party within a reasonable time after the occurrence of the force majeure relied on, 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, and such force majeure shall, so far as economically possible, be remedied with all reasonable dispatch.
- (b) The term "force majeure", as employed herein, shall mean acts of God; strikes, lockouts or other industrial disturbances; acts of the public enemy, wars, blockades, insurrections, civil disturbances

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and riots, and epidemics; landslides, lightning, earthquakes, fires, storms, hurricanes and threats of hurricanes, floods and washouts; arrests, orders, requests, directives, restraints and requirements of the government and governmental agencies, either federal or state, civil and military; any application of governmental conservation or curtailment rules and regulations; failure of transportation; explosions, breakage or accident to machinery, equipment or lines of pipe; outages (shutdowns) of equipment, machinery or lines of pipe for inspection, maintenance or repair; freezing of wells or lines of pipe; premature, partial or entire failure of natural Gas wells, Gas supply or depletion of Gas reserves; and other causes of a similar nature not reasonably within the control of the Party claiming suspension. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty, and that the above reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demand of opposing party when such course is inadvisable or inappropriate in the discretion of the Party having the difficulty. Force majeure shall likewise include (a) in those instances where either Party hereto is required to obtain servitudes, right-of-way grants, permits or licenses

to enable such Party to fulfill its obligations hereunder, the inability of such Party to acquire; or the delays on the part of such Party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.

Section XIV.

Remedy for Breach

- (a) Except as otherwise specifically provided herein, if either Party shall fail to perform any of the covenants or obligations imposed upon it in this Agreement (except where such failure shall be excused by Force Majeure), then, and in that event, the other Party may, at its option (without waiving any other remedy for breach hereof), by notice in writing specifying wherein the default has occurred, indicate such Party's election to cancel the Agreement by reasons thereof.
- (b) The Party in default shall have thirty (30) Days from receipt of such notice to remedy such default and to pay or indemnify the other Party for all loss or damage incurred as a result thereof, and upon failure to do so, this Agreement shall be canceled from and after the expiration of such thirty (30) Day period. Any such cancellation shall be an additional remedy and shall not prejudice the right of the Party not in default to collect any amounts due it hereunder and for any damage or loss suffered by it and shall not waive any other remedy to which the Party not in default may be entitled for breach of this Agreement.
- (c) *NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, NEITHER PARTY SHALL BE LIABLE OR OTHERWISE RESPONSIBLE TO THE OTHER PARTY FOR PUNITIVE, SPECIAL, CONSEQUENTIAL, OR INCIDENTAL DAMAGES OR FOR LOST PROFITS WHICH ARISE OUT OF OR RELATE TO THIS AGREEMENT OR THE PERFORMANCE OR BREACH THEREOF.*

Section XV.

Assignment

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns. However, this Agreement shall not be transferred or assigned by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld

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or delayed; provided, however, that either Party shall have the right to assign this Agreement, in whole or in part, to an affiliate or subsidiary without the consent of the other Party.

Section XVI.

Laws and Regulations

- (a) This Agreement shall be subject to all valid existing and future laws, orders, rules, regulations or proclamations of duly constituted governmental authorities having jurisdiction or control over the Parties or the subject matter hereof. If any such governmental authority shall take any action which is, with respect to or as a result of this Agreement, designed to subject or otherwise subjects either Party, their designee(s) or any pipeline or related facilities of either Party or their agent(s) to any greater or different regulation or jurisdiction than that existing on the date of this Agreement (or thereafter as such regulation or jurisdiction may have changed and been accepted by such Party), then upon written notice to the other, the Party so affected may terminate this Agreement effective one (1) Day prior to the effective date of such governmental action without further obligation to the other Party except, in the case of Buyer, to make payment for Gas actually delivered hereunder.
- (b) Each of Buyer and Seller represent and warrant to the other that the Gas delivered hereunder will not have been and will not be sold or resold, transported, commingled, used or consumed in interstate commerce in such a manner which would subject the Gas, this Agreement, either Party, their designee(s) or the facilities of either Party or their designee(s) to jurisdiction and/or regulation under the Natural Gas Act of 1938, as amended. If either Party should breach this warranty, the other Party shall have the right, at its option, to terminate this Agreement immediately in addition to any other remedy it may have under the provisions hereof or at law or in equity.
- (c) **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS.**

Section XVII.

DTPA Waiver

BUYER WAIVES ITS RIGHTS UNDER THE TEXAS DECEPTIVE TRADE PRACTICES—CONSUMER PROTECTION ACT, SECTION 17.41 ET SEQ., BUSINESS AND COMMERCE CODE, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS, AFTER CONSULTATION WITH AN ATTORNEY OF ITS OWN SELECTION, BUYER VOLUNTARILY CONSENTS TO THIS WAIVER.

Section XVIII.

Confidentiality

The terms of this Agreement, including but not limited to the price paid for Gas, the identity of any third-party transporting pipeline(s) and the cost of such transportation, the quantities of Gas purchased or sold and all other material terms of this Agreement shall be kept confidential by the Parties, except to the extent that any information must be disclosed to a third party for the purpose of effectuating transportation of the subject Gas pursuant to this Agreement, or as required by law.

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Section XIX.

Miscellaneous

- (a) This Agreement constitutes the entire agreement between the Parties covering the subject matter hereof, and there are no agreements, modifications, conditions or understanding, written or oral, expressed or implied, pertaining to the subject matter hereof which are not contained therein. If there is any conflict between a provision in the body of the Agreement to which these General Terms and Conditions are attached and this Exhibit "A", the provisions contained in the Agreement shall prevail.
- (b) The Parties stipulate and agree that this Agreement shall be deemed and considered for all purposes as prepared through the joint effort of the Parties and shall not be construed against one Party or the other as a result of the preparation, submittal or other event of negotiation, drafting or execution hereof.
- (c) Modifications of this Agreement shall be or become effective only upon the due and mutual execution of appropriate supplemental agreements or amendments hereto by duly authorized representatives of the respective Parties.
- (d) The headings and subheadings contained in this Agreement are used solely for convenience and do not constitute a part of the Agreement between the Parties nor should they be used to aid in any manner in construing this Agreement.
- (e) No waiver by either Party of any one or more defaults by the other in the performance of any of the provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults whether of a like or different character.
- (f) The provisions of this Agreement shall not impart rights enforceable by any person, firm, or organization not a Party or not a successor or assignee of a Party to this Agreement.

END OF EXHIBIT "A"

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EXHIBIT "B"

DESCRIPTIONS OF POINT(S) OF DELIVERY

This Exhibit "B" is hereby attached to and made a part of that certain Gas Sales Agreement dated December 17, 1998, between GC MARKETING COMPANY, BY TEJAS GAS TRANSMISSION, ITS MANAGING PARTNER ("Seller") and RELIANT ENERGY ENTEX ("Buyer").

| | | | |
|---|---|---|---|
| BOOTH, THOMAS W. 9115 THOMPSONS RICHMOND, TX 77469 5-0410-6580-51 | ZACEK FARMS 12222 WILLIAMS SCHOOL RD. NEEDVILLE, TX 77461 5-0410-6815-51 | GUMM, RICK 15412 MUECK NEEDVILLE, TX 77461 | WOLLNY, AUGUST RT. 4 BOX 100 YORKTOWN, TX 78164 |
| ODA, MIKE 231 BOOTH RD. RICHMOND, TX 77469 5-0410-6575-56 | MCRAY, THOMAS 6636 MILDRED ROSENBERG, TX 77471 5-0410-6790-01 | WHARTON TURF P.O. BOX 1029 WHARTON, TX 77488 | KRESTA, BILL E. RT. 4 BOX 122 YORKTOWN, TX 78164 |
| COOPER, BARBARA 11619 WILLIAMS SCHOOL RD. NEEDVILLE, TX 77461 5-0410-6805-62 | JANICEK, CHRIS 6639 MILDRED ROSENBERG, TX 77471 5-0410-6785-01 | GREENLEAF NURSERY HC 62 BOX 73 EL CAMPO, TX 77437 | STRUM, HERMAN RT. 4 BOX 120 A YORKTOWN, TX 78164 |
| MCCAULEY, MARY 125202 MUECK RD. NEEDVILLE, TX 77461 5-0410-6830-41 | LIVINGSTON, ROBERT 7002 FOSTER SCHOOL RD. NEEDVILLE, TX 77461 5-0410-6780-12 | SCHOENBERG, EDWIN RT. 1 LOUISE, TX 77455 | KALICH, HENRY 2074 MENKE RD. VICTORIA, TX 77905 |
| SNEDECOR, THOMAS C. 15330 MUECK RD. NEEDVILLE, TX 77461 5-0410-6835-31 | WALLECK, WILLIE 7135 FOSTER SCHOOL RD. NEEDVILLE, TX 77461 5-0410-6770-22 | MUSTANG EXPLORATION P.O. BOX 467 LOUISE, TX 77455 | NANCE, ROBERT L. 12001 OSTERMEYER RD. GALVESTON, TX 77554 |
| SNEDECOR, THOMAS B. 15336 MUECK RD. NEEDVILLE, TX 77461 5-0410-6840-31 | KREJCI, GEORGE 10807 HIGHWAY 36 NEEDVILLE, TX 77461 5-0410-6765-22 | SKALICKY, RUDOLPH P.O. BOX 424 GANADO, TX 77962 | MACDIARRNID, A.N. 212 LINDA DR. SAN ANTONIO, TX 78216 |
| SNEDECOR, TOM T. SR. 15334 MUECK, RD. NEEDVILLE, TX 77461 5-0410-6845-21 | PRASATIK, MAURICE 7627 OBERRENDER RD. NEEDVILLE, TX 77461 5-0410-6760-36 | MCCORMACK, W.P. P.O. DRAWER 486 EDNA, TX 77957 | MCCORMACK, W.P. P.O. DRAWER 486 EDNA, TX 77957 |
| O'DOWD, KATHLEEN 6802 FM 360 NEEDVILLE, TX 77461 5-0410-6795-94 | THE GEORGE FOUNDATION 10118 FM 762 RICHMOND, TX 77469 5-0410-6515-21 | LITTLEFIELD, PAUL RT. 1 BOX 142-L EDNA, TX 77957 | LITTLEFIELD, PAUL RT. 1 BOX 142-L EDNA, TX 77957 |
| EISMANN, GUS 6326 GUTTENBERGER RD. NEEDVILLE, TX 77461 5-0410-6810-61 | KOPYCINSKI, FLORENCE 200 FM 762 RICHMOND, TX 77469 5-0410-6515-11 | CITY OF BOOTH, TX | CITY OF BOOTH, TX |
| VACANT METER 9509 THOMPSONS RICHMOND, TX 77469 5-0410-6585-43 | MEADOWS, CHRISTINE 9115 THOMPSONS THOMPSONS, TX 77469 5-0410-6515-33 | HOTZHEAUSER, KEN 15115 CAMELBACK COURT HOUSTON, TX 77079 | HOTZHEAUSER, KEN 15115 CAMELBACK COURT HOUSTON, TX 77079 |
| WOODRING, KEN 2530 FM 3131 EDNA, TX 77957 3-2011-0250-0-1 | CITY OF AMES, TX | GERDES, N.J. 984 PARSONS RD VICTORIA, TX 77904 | GERDES, N.J. 984 PARSONS RD VICTORIA, TX 77904 |
| | BECKENDORFF FARMS 28423 MORTON KATY, TX 77493 | JONES, JACK P.O. BOX 187 NURSERY, TX 77976 | JONES, JACK P.O. BOX 187 NURSERY, TX 77976 |
| | | MURPHY RANCH/ MK CATTLE CO. P.O. BOX 1307 VICTORIA, TX 77902 | MURPHY RANCH/ MK CATTLE CO. P.O. BOX 1307 VICTORIA, TX 77902 |
| | | MCWHORTER, CHARLES J. P.O. BOX 641 CUERO, TX 77954 | MCWHORTER, CHARLES J. P.O. BOX 641 CUERO, TX 77954 |

AMENDMENT TO GAS SALES AGREEMENT

This Amendment to Gas Sales Contract (this "Amendment") is made and entered into this 18th day of June 2002 by and between Crosstex Gulf Coast Marketing, Ltd. ("Seller") and Reliant Energy Entex, a division of Reliant Energy Resources Corp. ("Buyer"). Buyer and Seller are sometimes herein referred to collectively as "Parties" and singularly as "Party".

WITNESSETH:

WHEREAS, Buyer and Seller are parties to that certain Gas Sales Agreement, dated December 17, 1998, as amended (hereinafter referred to as the "Agreement"), covering the sale of natural gas by Seller to Buyer, delivered at various point(s); and

WHEREAS, Buyer and Seller desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter set forth, the Parties covenant and agree as follows:

1. Article I, Quantity is deleted in its entirety and substituted therefor is the following:

"Article I Quantity

1.1 Subject to the terms and conditions hereof, Seller agrees to sell and deliver and Buyer agrees to purchase and receive from Seller, a quantity of gas at the Point(s) of Delivery identified in Exhibit "B" hereto, a quantity of natural gas equal to one hundred percent (100%) of the total daily gas requirements for resale by Buyer to certain of Buyer's residential and commercial customers.

1.2 (a) Subject to the terms and conditions hereof, Seller agrees to make firm quantities of gas available for purchase by Buyer at the Point(s) of Delivery set forth in Exhibit "C" hereto, and Buyer agrees to purchase a minimum 3,650,000 MMBtu during each twelve month period ending June 30th of each year during the term of this Contract. Buyer's purchases shall have a minimum daily quantity of five thousand (5,000) MMBtu and a maximum daily quantity of twenty-five thousand (25,000) MMBtu.

(b) In addition to the foregoing, from time to time Buyer may have a requirement for quantities in excess of said maximum daily quantity. At such times, if Seller has additional quantities available, Seller shall make available for purchase by Buyer mutually agreeable additional quantities on an interruptible basis.

1.3 To the extent permitted by applicable laws, rules, regulations and orders of any governmental agency, court or authority having jurisdiction and subject to conditions of force majeure and/or requests by governmental officials or the Natural Gas Reliability Council (or any successor thereto), Seller shall sell and deliver to Buyer and Buyer shall purchase and receive from Seller the Contract Quantity on a firm basis, without interruption, suspension or curtailment, at the rates and price(s) set out herein. However, notwithstanding the foregoing to the contrary, if either Party interrupts, suspends or curtails the receipts or deliveries of Gas hereunder pursuant to the laws, rules, regulations or orders of any governmental agency, court or authority having jurisdiction, or due to conditions of force majeure or upon the request of any court, agency, governmental official or the Natural Gas Reliability Council (or any successor thereto), then the interrupting Party shall incur no liability of any kind or character to the other Party as a result of or with respect to such interruption, suspension or curtailment."

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2. Article II, Price of Gas is deleted in its entirety and substituted therefor is the following:

"Article II Price of Gas

2.1 The price Buyer shall pay Seller for all quantities of Gas sold and delivered at point(s) of delivery listed in Exhibit "B" hereto shall be the price per MMBtu published in the first issue for the applicable month's delivery of *Inside F.E.R.C.'s Gas Market Report*, under the heading "Delivered Spot-Gas Prices", for Houston Ship Channel/Beaumont, Texas, index (large packages only), plus * per MMBtu.

2.2 (a) For each MMBtu of gas delivered to Buyer each day at points of delivery listed in Exhibit "C" hereto, up to and including * MMBtu per day, Buyer shall pay Seller the "Monthly Index Price" plus * per MMBtu. The term "Monthly Index Price" shall mean the price per MMBtu published in the first issue for the applicable month's delivery of *Inside F.E.R.C.'s Gas Market Report*, under the heading "Delivered Spot-Gas Prices", for Houston Ship Channel/Beaumont, Texas, index (large packages only).

(b) For each MMBtu of gas delivered to Buyer each day at point(s) of delivery listed in Exhibit "C" hereto, in excess of * MMBtu per day, Buyer shall pay Seller the "Daily Index Price" plus * per MMBtu. Provided, however, the price per MMBtu paid by Buyer to Seller for quantities in excess of * MMBtu per day shall never exceed two hundred percent (200%) of the Monthly Index Price plus *. The term "Daily Index Price" shall mean the "Midpoint" price posting for the date of flow as published in *Gas Daily* under the heading "Daily Price Survey" and under the subheadings "East-Houston-Katy", "Houston Ship Channel".

3. Article III, Point(s) of Delivery is deleted in its entirety and substituted therefor is the following:

"Article III Point(s) of Delivery

3.1 The Point(s) of Delivery for all Gas delivered hereunder shall be at those point(s) of interconnect as described on Exhibit "B" and Exhibit "C", attached hereto and made a part hereof."

4. Article IV, Term is deleted in its entirety and substituted therefor is the following:

"Article IV Term

4.1 Subject to the other provisions of this Agreement, this Agreement shall be effective on the date first written above and shall remain in full force and effect for a

primary term ending July 1, 2004, and year to year thereafter until terminated by either Party as provided in Paragraph 4.2 below.

4.2 Either Party may terminate this Agreement upon the expiration of the primary term or at any time thereafter by giving the other party at least sixty (60) days' prior written notice of such termination."

5. Exhibit "B" is hereby deleted in its entirety and substituted therefor is the attached Exhibit "B".

6. The attached Exhibit "C" is hereby added to the Agreement and made a part thereof.

Except as herein amended, all of the terms, provisions, covenants and conditions contained in the Agreement shall remain in full force and effect; provided, however, in the event there is ever any conflict between the Agreement and this Amendment, the terms, provisions, covenants and conditions contained in this Amendment shall govern. The terms and provisions hereof shall be binding upon and inure to the benefit of the Parties, their representatives, successors and assigns.

* Denotes Confidential Portion Omitted and Filed Separately with the Commission.

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IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed in duplicate originals on the date and year first above written.

SELLER:

CROSSTEX GULF COAST MARKETING, LTD.
By: Crosstex Gulf Coast, L.L.C.

By: /s/ JAMES R. WALES

James R. Wales
Executive Vice President

BUYER:

RELIANT ENERGY ENTEX, A DIVISION
OF RELIANT ENERGY RESOURCES CORP.

By: /s/ W. D. STINNETT, JR.

W. D. Stinnett, Jr.
Senior Vice President

Signature page to Amendment dated June 18th, 2002 to that certain Gas Sales Agreement dated December 17, 1998.

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EXHIBIT "B"

POINT(S) OF DELIVERY

This Exhibit "B" is hereby attached to and made a part of that certain Gas Sales Agreement dated December 17, 1998, between Crosstex Gulf Coast Marketing, Ltd. ("Seller") and Reliant Energy Entex, a division of Reliant Energy Resources Corp. ("Buyer").

BOOTH, THOMAS W.
9115 THOMPSONS
RICHMOND, TX 77469
5-0410-6580-51

ODA, MIKE
231 BOOTH RD.
RICHMOND, TX 77469
5-0410-6575-56

COOPER, BARBARA
11619 WILLIAMS SCHOOL RD.
NEEDVILLE, TX 77461
5-0410-6805-62

MCCAULEY, MARY
125202 MUECK RD.
NEEDVILLE, TX 77461
5-0410-6830-41

SNEDECOR, THOMAS C.
15330 MUECK RD.
NEEDVILLE, TX 77461
5-0410-6835-31

SNEDECOR, THOMAS B.
15336 MUECK RD.
NEEDVILLE, TX 77461
5-0410-6840-31

SNEDECOR, TOM T. SR.
15334 MUECK, RD.
NEEDVILLE, TX 77461
5-0410-6845-21

O'DOWD, KATHLEEN
6802 FM 360
NEEDVILLE, TX 77461
5-0410-6795-94

EISMANN, GUS
6326 GUTTENBERGER RD.
NEEDVILLE, TX 77461
5-0410-6810-61

VACANT METER
9509 THOMPSONS
RICHMOND, TX 77469
5-0410-6585-43

WOODRING, KEN
2530 FM 3131
EDNA, TX 77957
3-2011-0250-0-1

ZACEK FARMS
12222 WILLIAMS SCHOOL RD.
NEEDVILLE, TX 77461
5-0410-6815-51

MCRAE, THOMAS
6636 MILDRED
ROSENBERG, TX 77471
5-0410-6790-01

JANICEK, CHRIS
6639 MILDRED
ROSENBERG, TX 77471
5-0410-6785-01

LIVINGSTON, ROBERT
7002 FOSTER SCHOOL RD.
NEEDVILLE, TX 77461
5-0410-6780-12

WALLECK, WILLIE
7135 FOSTER SCHOOL RD.
NEEDVILLE, TX 77461
5-0410-6770-22

KREJCI, GEORGE
10807 HIGHWAY 36
NEEDVILLE, TX 77461
5-0410-6765-22

PRASATIK, MAURICE
7627 OBERRENDER RD.
NEEDVILLE, TX 77461
5-0410-6760-36

THE GEORGE FOUNDATION
10118 FM 762
RICHMOND, TX 77469
5-0410-6515-21

KOPYCINSKI, FLORENCE
200 FM 762
RICHMOND, TX 77469
5-0410-6515-11

MEADOWS, CHRISTINE
9115 THOMPSONS
THOMPSONS, TX 77469
5-0410-6515-33

BECKENDORFF FARMS
28423 MORTON
KATY, TX 77493

GUMM, RICK
15412 MUECK
NEEDVILLE, TX 77461

WHARTON TURF
P.O. BOX 1029
WHARTON, TX 77488

GREENLEAF NURSERY
HC 62 BOX 73
EL CAMPO, TX 77437

SCHOENBERG, EDWIN
RT. 1
LOUISE, TX 77455

MUSTANG EXPLORATION
P.O. BOX 467
LOUISE, TX 77455

SKALICKY, RUDOLPH
P.O. BOX 424
GANADO, TX 77962

MACDIARRNID, A.N.
212 LINDA DR.
SAN ANTONIO, TX 78216

MCCORMACK, W.P.
P.O. DRAWER 486
EDNA, TX 77957

LITTLEFIELD, PAUL
RT. 1 BOX 142-L
EDNA, TX 77957

CITY OF BOOTH, TX

HOTZHEAUSER, KEN
15115 CAMELBACK COURT
HOUSTON, TX 77079

GERDES, N.J.
984 PARSONS RD
VICTORIA, TX 77904

JONES, JACK
P.O. BOX 187
NURSERY, TX 77976

MURPHY RANCH/
MK CATTLE CO.
P.O. BOX 1307
VICTORIA, TX 77902

MCWHORTER, CHARLES J.
P.O. BOX 641
CUERO, TX 77954

WOLLNY, AUGUST
RT. 4 BOX 100
YORKTOWN, TX 78164

KRESTA, BILL E.
RT. 4 BOX 122
YORKTOWN, TX 78164

STRUM, HERMAN
RT. 4 BOX 120 A
YORKTOWN, TX 78164

KALICH, HENRY
2074 MENKE RD.
VICTORIA, TX 77905

NANCE, ROBERT L.
12001 OSTERMEYER RD.
GALVESTON, TX 77554

EXHIBIT "C"

POINT(S) OF DELIVERY

This Exhibit "C" is hereby attached to and made a part of that certain Gas Sales Agreement dated December 17, 1998, between Crosstex Gulf Coast Marketing, Ltd. ("Seller") and Reliant Energy Entex, a division of Reliant Energy Resources Corp. ("Buyer").

Interconnects between Industrial Gas Supply Corp. and Reliant Energy Entex:

| Station Description | County |
|-----------------------------|--------|
| Mykawa Road | Harris |
| Clara Road | Harris |
| Sweetwater | Harris |
| Alameda Road/Medical Center | Harris |

Other delivery points as Seller and Buyer may mutually agree upon from time to time.

QuickLinks

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