

**OKLAHOMA
NATURAL
GAS**
A DIVISION OF ONEOK

Request for Proposal # 2008-11 (Baseload West)
June 12, 2008

Oklahoma Natural Gas Company, a Division of ONEOK, Inc. ("Company") is seeking to purchase firm gas supply quantities as per the terms and conditions listed below:

Pipeline: ONEOK Gas Transportation - West

Term: December 1, 2008 through September 30, 2009

Price: Inside FERC-ONEOK Gas Transportation First of Month Index + or - (\$).

Service Type: Firm Baseload

Quantities Requested:

Month	Daily Quantity (Dth per Day)
Dec-08	30,000
Jan-09	59,600
Feb-09	50,000
Mar-09	16,000
Apr-09	1,035
May-09	15,370
Jun-09	14,378
Jul-09	10,306
Aug-09	3,390
Sep-09	5,745

Bidders may submit proposals to supply varying monthly quantities from zero Dth per day up to the full amount requested. Award of bid volumes will be based on overall least cost bid combinations. All or nothing proposals will be rejected as a non-conforming bid.

To be considered, please respond to this RFP by submitting a written proposal either via E-mail to bkimler@ong.com or by mail to William P. Kimler, Oklahoma Natural Gas Company, P.O. Box 401, Oklahoma City, OK 73101 no later than **12:00 Noon CST**, Tuesday, **June 24, 2008**. With regard to questions or clarifications contact either Terry Carney at (405) 551-6874 or Bill Kimler at (405) 551-6870.

Oklahoma Natural Gas Company reserves the right to reject all proposals received in response to this request. Acceptance of any response to this proposal is subject to the execution of a contract or the appropriate exhibit to an existing contract specifying terms for performance.




June 24th 2008

Mr. William P. Kimler
Oklahoma Natural Gas Company
P.O. Box 401
Oklahoma City, OK 73101

Re: Baseload 2008-11

Dear Mr. Kimler:

 offers the following proposal to supply Oklahoma Natural Gas (ONG) firm gas supply quantities under the following conditions:



Pipeline: ONEOK Gas Transportation ("OGT")

Term: December 1, 2008 through September 30, 2009

Receipt Points: OGT pool

Volume: Dec. through Mar. 30,000 mmbtu per day. Apr – Oct. as per the RFP volumes.

Inside FERC Commodity Price Point: 2008-11 The Commodity Price payable hereunder for all gas volumes purchased (per Dth) shall be the first-of-the-month index, for each month of the term, as published by Inside FERC Gas Market Report under the heading "OGT" plus \$.025 Dec-Mar and plus \$.045 Apr-Oct. If Inside FERC fails to publish a monthly Index for OGT then OES proposes using an average of Inside FERC FOM Index for ANR, NGPL, SSCGP Plus the margin.

 appreciates the opportunity to respond to your Request for Bid. Should you have any questions, or need clarification, please do not hesitate to contact me at 

Sincerely,


CWK 6/24
MMR 6/24

Kimler, Bill P.

From:

Sent:

To:

Attachments:

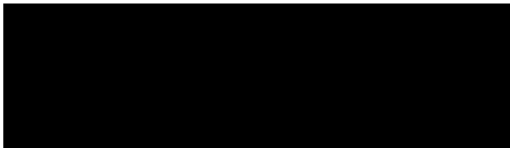
Tuesday, June 24, 2008 10:10 AM

Robbins, Matt; Kimler, Bill P.; Carney, Terry R.

ongbaseload2008-11OGT.doc

WPK 6/24
mmr 6/24

June 24, 2008



NATURAL GAS SALES PROPOSAL

Seller:



Buyer:

Oklahoma Natural Gas
P.O. Box 401
Oklahoma City, OK 73101

Attn: Bill Kimler
Phone: 405-551-6870
Email: bkimler@ong.com

RFP # 2008-11 BASELOAD

Pipeline: ONEOK Gas Transportation

Delivery Locations: West Pool

Service Level: NAESB Firm

Duration: December 1, 2008 through September 30, 2009

Volumes:

Month	Daily Quantity
12/1/2008	10000
1/1/2009	10000
2/1/2009	10000
3/1/2009	10000
4/1/2009	1000
5/1/2009	10000
6/1/2009	10000
7/1/2009	10000
8/1/2009	3000
9/1/2009	5000

Price: Price will be monthly index published in Inside F.E.R.C.'s Gas Market Report for the month of flow under the heading ONEOK Gas Transportation, Oklahoma, plus \$0.07

Payments: to receive payments from Oklahoma Natural Gas by the 25th of each month after gas flow for the duration of the agreement.

appreciates the opportunity to respond to your request and looks forward to supplying Oklahoma Natural Gas' natural gas requirements. The price included in this response is an indication only and subject to change as a result of changes in current market conditions. Please note that all terms and conditions set forth in this response are also subject to senior management, legal, and credit approval (including any credit limits as may be determined by in its sole discretion), and shall not be binding on either party unless such approvals are obtained.

Sincerely,



*hnr 6/24
WPK 6/24*

Kimler, Bill P.

From: [REDACTED]
Sent: Tuesday, June 24, 2008 10:45 AM
To: Kimler, Bill P.
Cc: [REDACTED]
Subject: [REDACTED]
Attachments: ONG RFP # 2008-11.doc

Please find enclosed [REDACTED] response to your request for Gas Supply Proposals. The prices included in this proposal are indications only and subject to change as a result of changes in current market conditions. I would be glad to refresh the price upon your request. Please call [REDACTED] if you have an interest in our proposal or any questions regarding the proposal. Please note that all terms and conditions set forth in this response are also subject to senior management, legal, and credit approval (including any credit limits as may be determined by [REDACTED] in its sole discretion), and shall not be binding on either party unless such approvals are obtained.

Sincerely,

[REDACTED]

WPK 6/24
mm 6/24

June 24, 2008
NATURAL GAS SALES PROPOSAL
RFP 2008-11 OGT

SELLER:

BUYER:

Oklahoma Natural Gas
Fax: 405-551-6874

Attn: Bill Kimler
Phone: 405-551-6870

BASELOAD OGT (as requested)

TERM: December 2008 through September 2009

DELIVERY PT: OGT West Pool

VOLUME:

Dec	30000	May	15370
Jan	59600	Jun	14378
Feb	50000	Jul	10306
Mar	16000	Aug	3390
Apr	1035	Sep	5745

PRICE: Inside FERC first of month index for OGT plus .015/MMBtu.

BASELOAD OGT - (winter only)

TERM: December 2008 through March, 2009

DELIVERY PT: OGT West Pool

VOLUME:

Dec	30000
Jan	59600
Feb	50000
Mar	16000

PRICE: Inside FERC first of month index for OGT plus .01/MMBtu.

BASELOAD OGT - (summer only)

TERM: April 1, 2009 through September 2009

DELIVERY PT: OGT West Pool

VOLUME:

Apr	1035
May	15370
Jun	14378
Jul	10306
Aug	3390
Sep	5745

PRICE: Inside FERC first of month index for OGT plus .03/MMBtu.

This proposal is an indication and is subject to change as trading conditions change. This proposal is also subject to credit and management approval by both parties as evidenced by a fully executed written agreement. If you have any questions, please contact me at your earliest convenience.

WPK 6/24
MUR 6/24

Kimler, Bill P.

From: [REDACTED]
Sent: Tuesday, June 24, 2008 10:43 AM
To: Kimler, Bill P.
Cc: Robbins, Matt
Subject: ONG Baseload OGT 2008-11.doc
Attachments: ONG Baseload OGT 2008-11.doc

<<ONG Baseload OGT 2008-11.doc>>

Please use this revised rfp response and ignore the last one

WPK 6/24
MUR 6/24

Mr. William P. Kimler
Oklahoma Natural Gas Company
401 N. Harvey
Oklahoma City, Oklahoma 73102

Ref. RFP #2008-11

Dear Bill,

██████████ is pleased to respond to your RFP dated June 12, 2008. We appreciate the opportunity extended to be a part of your supply portfolio. ██████████ would be willing to accept a portion, even if the amounts are prorated among more than one supplier.

Term: December 1, 2008 through September 30, 2008

Quantity: See Below

Location: OGT Pool

Price: First-of-the-Month Inside FERC for OGT plus \$.035 per mmbtu.

Volume:

Dec.-08 Up to 10,000 mmbtu/day

Jan.-09 Up to 10,000 mmbtu/day

Feb.-09 Up to 10,000 mmbtu/day

Mar.-09 Up to 10,000 mmbtu/day

Apr.-09 1,035 mmbtu/day

May-09 Up to 10,000 mmbtu/day

Jun.-09 Up to 10,000 mmbtu/day

Jul.-09 10,306 mmbtu/day

Aug.-09 3,390 mmbtu/day

Sep.-09 5,745 mmbtu/day

WPK 6/24
MLR 6/24

This offer is subject to [REDACTED] management approval.

Thanks for the opportunity to bid on this supply package. If you have any questions please feel free to call me at [REDACTED]

Regards,

[REDACTED]

Kimler, Bill P.

From: [REDACTED]
Sent: Tuesday, June 24, 2008 11:54 AM
To: Kimler, Bill P.
Subject: RFP #2008-11
Attachments: ONG Bid #2008-11 (Baseload).doc

<<ONG Bid #2008-11 (Baseload).doc>>

Hello Bill,

Attached is our offer for OGT supply for the term Dec.08 thru. Sept. 09.
Thanks for including [REDACTED] in your bid process and please let me know if you have any questions.

Regards,

[REDACTED]

This message is intended only for the personal and confidential use of the designated recipient(s) named above. If you are not the intended recipient of this message you are hereby notified that any review, dissemination, distribution or copying of this message is strictly prohibited. This communication is for information purposes only and should not be regarded as an offer to sell or as a solicitation of an offer to buy any financial product, an official confirmation of any transaction, or as an official statement of Lehman Brothers. Email transmission cannot be guaranteed to be secure or error-free. Therefore, we do not represent that this information is complete or accurate and it should not be relied upon as such. All information is subject to change without notice.

IRS Circular 230 Disclosure:

Please be advised that any discussion of U.S. tax matters contained within this communication (including any attachments) is not intended or written to be used and cannot be used for the purpose of (i) avoiding U.S. tax related penalties or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

WPK 6/24
mwr 6/24

Bid Analysis, RFB 2008-11, Annual Baseload on OGT (West), Dec 2008 through Sep 2009

RFP #	Bidder Months	Term		Flow Days	Offered MDQ (avg/d)	Maximum Volume	Commodity		Service Level	Analysis By	Awarded Volume	Approval By
		Start	Ending				Premium	Cost				
2008-11		12/01/08	12/31/08	31	10,000	310,000	\$0.0700	\$21,700	Firm	MLR	0	WPK
2008-11		01/01/09	01/31/09	31	10,000	310,000	\$0.0700	\$21,700	Firm	MLR	0	WPK
2008-11		02/01/09	02/28/09	28	10,000	280,000	\$0.0700	\$19,600	Firm	MLR	0	WPK
2008-11		03/01/09	03/31/09	31	10,000	310,000	\$0.0700	\$21,700	Firm	MLR	0	WPK
2008-11		04/01/09	04/30/09	30	1,000	30,000	\$0.0700	\$2,100	Firm	MLR	0	WPK
2008-11		05/01/09	05/31/09	31	10,000	310,000	\$0.0700	\$21,700	Firm	MLR	0	WPK
2008-11		06/01/09	06/30/09	30	10,000	300,000	\$0.0700	\$21,000	Firm	MLR	0	WPK
2008-11		07/01/09	07/31/09	31	10,000	310,000	\$0.0700	\$21,700	Firm	MLR	0	WPK
2008-11		08/01/09	08/31/09	31	3,000	93,000	\$0.0700	\$6,510	Firm	MLR	0	WPK
2008-11		09/01/09	09/30/09	30	5,000	150,000	\$0.0700	\$10,500	Firm	MLR	0	WPK

2,403,000 \$168,210

Premium Weighted Cost \$0.0700

RFP #	Bidder Months	Term		Flow Days	Offered MDQ (avg/d)	Maximum Volume	Commodity		Service Level	Analysis By	Awarded Volume	Approval By
		Start	Ending				Premium	Cost				
2008-11		12/01/08	12/31/08	31	30,000	930,000	\$0.0250	\$23,250	Firm	MLR	0	WPK
2008-11		01/01/09	01/31/09	31	59,600	1,847,600	\$0.0250	\$46,190	Firm	MLR	0	WPK
2008-11		02/01/09	02/28/09	28	50,000	1,400,000	\$0.0250	\$35,000	Firm	MLR	0	WPK
2008-11		03/01/09	03/31/09	31	16,000	496,000	\$0.0250	\$12,400	Firm	MLR	0	WPK
2008-11		04/01/09	04/30/09	30	1,035	31,050	\$0.0450	\$1,397	Firm	MLR	0	WPK
2008-11		05/01/09	05/31/09	31	15,370	476,470	\$0.0450	\$21,441	Firm	MLR	0	WPK
2008-11		06/01/09	06/30/09	30	14,378	431,340	\$0.0450	\$19,430	Firm	MLR	0	WPK
2008-11		07/01/09	07/31/09	31	10,306	319,486	\$0.0450	\$14,377	Firm	MLR	0	WPK
2008-11		08/01/09	08/31/09	31	3,390	105,090	\$0.0450	\$4,729	Firm	MLR	0	WPK
2008-11		09/01/09	09/30/09	30	5,745	172,350	\$0.0450	\$7,756	Firm	MLR	0	WPK

6,209,386 \$185,950

Premium Weighted Cost \$0.0299

RFP #	Bidder Months	Term		Flow Days	Offered MDQ (avg/d)	Maximum Volume	Commodity		Service Level	Analysis By	Awarded Volume	Approval By
		Start	Ending				Premium	Cost				
2008-11		12/01/08	12/31/08	31	30,000	930,000	\$0.0150	\$13,950	Firm	MLR	0	WPK
2008-11		01/01/09	01/31/09	31	59,600	1,847,600	\$0.0150	\$27,714	Firm	MLR	0	WPK
2008-11		02/01/09	02/28/09	28	50,000	1,400,000	\$0.0150	\$21,000	Firm	MLR	0	WPK
2008-11		03/01/09	03/31/09	31	16,000	496,000	\$0.0150	\$7,440	Firm	MLR	0	WPK
2008-11		04/01/09	04/30/09	30	1,035	31,050	\$0.0150	\$466	Firm	MLR	0	WPK
2008-11		05/01/09	05/31/09	31	15,370	476,470	\$0.0150	\$7,147	Firm	MLR	0	WPK
2008-11		06/01/09	06/30/09	30	14,378	431,340	\$0.0150	\$6,470	Firm	MLR	0	WPK
2008-11		07/01/09	07/31/09	31	10,306	319,486	\$0.0150	\$4,792	Firm	MLR	0	WPK
2008-11		08/01/09	08/31/09	31	3,390	105,090	\$0.0150	\$1,576	Firm	MLR	0	WPK
2008-11		09/01/09	09/30/09	30	5,745	172,350	\$0.0150	\$2,585	Firm	MLR	0	WPK

SUCCESSFUL BIDDER

6,209,386 \$93,141

Premium Weighted Cost \$0.0150

RFP #	Bidder Months	Term		Flow Days	Offered MDQ (avg/d)	Maximum Volume	Commodity		Service Level	Analysis By	Awarded Volume	Approval By
		Start	Ending				Premium	Cost				
2008-11		12/01/08	12/31/08	31	10,000	310,000	\$0.0350	\$10,850	Firm	MLR	0	WPK
2008-11		01/01/09	01/31/09	31	10,000	310,000	\$0.0350	\$10,850	Firm	MLR	0	WPK
2008-11		02/01/09	02/28/09	28	10,000	280,000	\$0.0350	\$9,800	Firm	MLR	0	WPK
2008-11		03/01/09	03/31/09	31	10,000	310,000	\$0.0350	\$10,850	Firm	MLR	0	WPK
2008-11		04/01/09	04/30/09	30	1,035	31,050	\$0.0350	\$1,087	Firm	MLR	0	WPK
2008-11		05/01/09	05/31/09	31	10,000	310,000	\$0.0350	\$10,850	Firm	MLR	0	WPK
2008-11		06/01/09	06/30/09	30	10,000	300,000	\$0.0350	\$10,500	Firm	MLR	0	WPK
2008-11		07/01/09	07/31/09	31	10,306	319,486	\$0.0350	\$11,182	Firm	MLR	0	WPK
2008-11		08/01/09	08/31/09	31	3,390	105,090	\$0.0350	\$3,678	Firm	MLR	0	WPK
2008-11		09/01/09	09/30/09	30	5,745	172,350	\$0.0350	\$6,032	Firm	MLR	0	WPK

2,447,976 \$85,679

Premium Weighted Cost \$0.0350

MLR 6/24/08
 WPK 6/24/08
 TRC 6/24/08
 RB 6/24