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ATTORNEYS FOR THE DEBTORS AND DEBTORS-IN-POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

_____)	
In re)	Chapter 11 Case
)	
MIRANT CORPORATION, <u>et al.</u> ,)	Case No. 03-46590 (DML)
)	Jointly Administered
Debtors.)	
)	
_____)	

**MOTION FOR APPROVAL OF AGREEMENT PURSUANT TO RULE 4001(d)
OF FEDERAL RULES OF BANKRUPTCY PROCEDURE**

TO THE HONORABLE D. MICHAEL LYNN, UNITED STATES BANKRUPTCY JUDGE:

Mirant Corporation (“Mirant”) and its affiliated debtors (collectively with Mirant, the “Debtors”), as debtors and debtors-in-possession, file this “Motion For Approval Of Agreement Pursuant To Rule 4001(d) Of Federal Rules Of Bankruptcy Procedure” (the “Motion”). In support thereof, the Debtors represent as follows:

1. Attached hereto is a true and correct copy of the “Agreed Order Concerning Modification of the Automatic Stay” (the “Agreed Order”) entered into by and between the Debtors and Kern River Gas Transmission Company (“Kern River”).

NOTICE

NO HEARING WILL BE CONDUCTED HEREON UNLESS A WRITTEN RESPONSE IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT, ELDON B. MAHON U.S. COURTHOUSE, 501 WEST TENTH STREET, FORT WORTH, TEXAS 76102-3643, AND A COPY OF THE RESPONSE IS RECEIVED BY MAY 20, 2004 BY 4:00 P.M. (PREVAILING CENTRAL TIME), WITHIN FIFTEEN (15) DAYS FROM THE DATE OF SERVICE HEREOF.

ANY RESPONSE MUST BE IN WRITING AND FILED WITH THE CLERK AND A COPY MUST BE SERVED UPON COUNSEL AS SET FORTH ABOVE PRIOR TO THE TIME AND DATE SET FORTH HEREIN. IF A RESPONSE IS FILED, A HEARING WILL BE HELD WITH NOTICE ONLY TO THE OBJECTING PARTY.

IF NO RESPONSE IS TIMELY FILED AND RECEIVED AS SET FORTH ABOVE, THE RELIEF REQUESTED IN THE MOTION SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER A FINAL ORDER GRANTING SUCH RELIEF.

WHEREFORE, based upon the foregoing, the Debtors request that the Court approve the attached Agreed Order and grant the Debtors any other relief that is necessary and proper.

Dated: May 4, 2004

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-and-

By /s/ Michelle C. Campbell

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**ATTORNEYS FOR THE DEBTORS AND
DEBTORS-IN-POSSESSION**

CERTIFICATE OF SERVICE

The undersigned hereby certifies that she provided a true and correct copy of the forgoing to Bankruptcy Services, LLC and directed them to effect service upon all persons on the Limited Service List via U.S. mail, and the addressees set forth below via overnight mail on the 5th day of May 2004.

Kern River Gas Transmission Company
Mark Moench
2755 East Cottonwood Parkway, Ste. 300
P.O. Box 71400
Salt Lake City, UT 84171-0400

Kern River Gas Transmission Company
Attention: Kirk Morgan
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/s/ Michelle C. Campbell
Michelle C. Campbell

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MIRANT CORPORATION, <u>et al.</u> ,)	Case No. 03-46590 (DML)
)	Jointly Administered
Debtors.)	
)	
_____)	

**AGREED ORDER CONCERNING MODIFICATION OF THE
AUTOMATIC STAY**

Came on for consideration the "Motion For Approval Of Agreement Pursuant To Rule 4001(d) Of Federal Rules Of Bankruptcy Procedure (the "Motion") filed by Mirant Corporation ("Mirant") and its affiliated debtors (collectively with Mirant, the "Debtors"), as debtors and debtors-in-possession. Based upon a review of the pleadings on file and representations of counsel for the Debtors and Kern River Gas Transmission Company ("Kern River"), the Court makes the following findings of fact:

1. On July 14, 2003 and various dates thereafter (collectively, the "Petition Date"), the Debtors filed voluntary chapter 11 petitions.

2. On or about May 29, 2001, Kern River and debtor Mirant Americas Energy Marketing, LP (“MAEM”) entered into a “Firm Transportation Service Agreement,” bearing a contract No. 1712, which was subsequently amended on July 23, 2001 and again on April 5, 2002 (as amended, the “Kern River Agreement”).

3. Pursuant to the Kern River Agreement and to Kern River’s Federal Energy Regulatory Commission Gas Tariff, MAEM posted a letter of credit to secure its obligations under the Kern River Agreement.

4. The letter of credit posted by MAEM was scheduled to expire during early November of 2003. Pursuant to the terms of the letter of credit, Kern River had the right to draw thereon if MAEM failed to obtain an extension of the letter of credit. On October 30, 2003, Kern River drew on the letter of credit. As the result of that draw, Kern River currently holds \$14,751,589 as cash security for the obligations of MAEM under the Kern River Agreement.

5. On December 18, 2003, the Kern River Agreement was deemed rejected based on a motion filed by MAEM on December 4, 2003 for authority to reject to the Kern River Agreement.

6. Kern River alleges that it has suffered damages far in excess of the cash security deposit as the result of the MAEM’s rejection of the Kern River Agreement. On January 13, 2004, Kern River filed a proof of claim against MAEM in the amount of \$210,210,543 based on the damages that Kern River alleges resulted from that rejection and Kern River asserts that the cash security secures this claim.¹ MAEM disputes the amount of Kern River’s alleged claim and contends that Kern River’s damages are substantially less than the \$210,210,543 proof of claim filed by Kern River.² MAEM does, however, acknowledge that

¹ On December 15, 2003, Kern River filed a proof of claim against MAEM for an unliquidated amount. The Debtors believe that this proof of claim is amended and superceded by the proof of claim filed thereafter on January 13, 2004.

² For example, without limitation, the amount asserted in Kern River’s proof of claim does not (i) account for any mitigation of its alleged damages; or (ii) discount its alleged rejection damages to reflect the present value of future payments.

Kern River's actual damages as the result of the rejection of the Kern River Agreement exceed the cash security deposit.³

7. Kern River has requested that MAEM stipulate to the application of the cash security deposit to Kern River's allowable claim, without prejudice to the rights of the parties with respect to the total amount of Kern River's claim.

8. The Debtors and Kern River have agreed to modify the automatic stay to allow Kern River to take all necessary actions to apply the cash security deposit as described herein.

9. Good, adequate, and sufficient cause has been shown to justify the granting of the final relief herein, and the entry of this Order.

It is now therefore:

ORDERED that the automatic stay of section 362 of the Bankruptcy Code is hereby lifted and modified solely to permit Kern River to immediately apply 100% of the cash security deposit to its claim for damages arising from the rejection of Kern River Agreement; it is further

ORDERED that this Order is without prejudice to, and the Debtors reserve any and all rights that it has to object, to the allowance of Kern River's proof of claim and to the dollar amount of that proof of claim; and it is further

³ Even under the most favorable mitigation and present value calculation.

ORDERED that this Order is without prejudice to any other rights of the parties, including without limitation the allowance of the balance of Kern River's alleged claim and any claims that the Debtors may have against Kern River, including without limitation any actions arising under Chapter 5 of the Bankruptcy Code, or Kern River's defenses thereto.

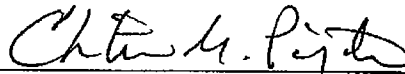
Dated: May __, 2004

HONORABLE D. MICHAEL LYNN
UNITED STATES BANKRUPTCY JUDGE

ACKNOWLEDGED AND AGREED ON BEHALF OF THEIR CLIENTS:

Dated: May 4, 2004

KERN RIVER GAS TRANSPORTATION COMPANY



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Dated: May 4, 2004

MIRANT AMERICAS ENERGY MARKETING LP

A handwritten signature in black ink, appearing to read "Craig Averch", is written over a horizontal line. The signature is fluid and cursive, extending to the right of the line.

By: Craig Averch

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Counsel for Mirant Americas Energy Marketing LP