

8. Correct. The answer is false. "Take or pay" provisions were very commonly used in the gas industry. They imposed the obligation to purchaser of gas (the pipeline companies) to buy the natural gas (from the producers) or to pay for it even if they didn't take it. These provisions were intended to assure the producers of natural gas a minimum constant cash flow in a very cyclical industry. However, when miscalculation occurred they could have devastating consequences to the buyer.