

CASE

NUMBER:

99-232

DEMA GAS COMPANY, INC.

P.O. Box 820
Prestonsburg, KY 41653
Phone (606) 437-6147

RECEIVED
AUG 18 1999
PUBLIC SERVICE
COMMISSION

August 13, 1999

Stephanie Bell
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

RE: Dema Gas Company, Inc., Case No. 99-232

Dear Ms. Bell:

Pursuant to your request dated August 3, 1999, we are notifying the Commission that the outstanding capital stock of Dema has been transferred to Jerome A. Kanney and Dennis L. Rohrer on August 5, 1999.

The stockholders and corporate officers for Dema are as follows: Jerome A. Kanney is the President, Secretary and Treasurer and has 50 shares of stock. Dennis L. Rohrer is the Vice President and has 50 shares of stock. The corporate office will be located at P.O. Box 820, Prestonsburg, Kentucky 41653.

Thank you for your time and attention to this matter. If further assistance is needed, please feel free to contact the office.

Very truly yours,



JEROME A. KANNEY
President
DEMA GAS COMPANY, INC.

JAK/tan

DEMA GAS COMPANY, INC.

Transfer/Sale/Purchase/Merger

TO JEROME A. KANNEY & DENNIS L. ROHRER

IN THE MATTER OF THE APPLICATION OF JEROME A. KANNEY AND
DENNIS L. ROHRER AND MARY LESLIE AND SUSAN A. BRANHAM FOR
THE APPROVAL OF THE ACQUISITION OF THE STOCK OF DEMA GAS
COMPANY, INC. (DEMA) OF PRESTONSBURG, FLOYD COUNTY, KENTUCKY

SEQ NBR	ENTRY DATE	REMARKS
0001	06/09/99	Application.
0002	06/10/99	Acknowledgement letter.
0003	07/08/99	Def. letter; info due 7/23
0004	07/14/99	Def. cured letter sent; purchase/sale agreement due by 7/28.
M0001	07/19/99	JEROME A. KANNEY/GENERAL PARTNER-NO DOCUMENTS FOR SIGNED PURCHASE/SALES AGREEMENT ARE AVAIL
M0002	07/22/99	JEROME KANNEY INTERSTATE NATURAL GAS-LETTER CONCERNING SIGNED PURCHASE SALES AGREEMENT
0005	08/03/99	Final Order approving transfer of all issued and outstanding capital stock.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 99-232
DEMA GAS COMPANY, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on August 3, 1999.

See attached parties of record.

Stephanie Bell

Secretary of the Commission

SB/hv
Enclosure

Jerome A. Kanney
General Partner
Interstate Natural Gas Company
276 Thompson Road
P. O. Box 3385
Pikeville, KY. 41502 3385

Mary Leslie
P. O. Box 371
Prestonsburg, KY. 41653

Dennis L. Rohrer
276 Thompson Road
P. O. Box 3385
Pikeville, KY. 41502 3385

Susan A. Branham
P. O. Box 785
Prestonsburg, KY. 41653

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF JEROME A.)
KANNEY AND DENNIS L. ROHRER)
AND MARY LESLIE AND SUSAN A.) CASE NO. 99-232
BRANHAM FOR THE APPROVAL OF)
THE ACQUISITION OF THE STOCK)
OF DEMA GAS COMPANY, INC.)
(DEMA) OF PRESTONSBURG, FLOYD)
COUNTY, KENTUCKY)

O R D E R

On June 9, 1999, Jerome A. Kanney and Dennis I. Rohrer and Mary Leslie and Susan A. Branham filed an application for approval of the transfer of all of the outstanding shares of stock of Dema Gas Company, Inc. ("Dema") pursuant to KRS 278.020. Dema is a natural gas utility that provides service to 23 customers in Knott County, Kentucky.

KRS 278.020(4) and (5) provides that in order to acquire or transfer ownership or control of a utility, prior Commission approval must be obtained. The Commission shall grant its approval if the person acquiring the utility has the financial, technical, and managerial abilities to provide reasonable service. The statute further provides that the Commission shall grant, modify, refuse, or prescribe appropriate terms and conditions with respect to the application.

After reviewing the evidence of record and being advised, the Commission finds that:

1. Dema is a Kentucky corporation with its principal office and place of business in Prestonsburg, Kentucky.

2. Jerome A. Kanney and Dennis I. Rohrer operate Cow Creek Gas, Inc., a natural gas utility that is subject to the jurisdiction of the Commission.

3. The transfer of the stock of Dema to Jerome A. Kanney and Dennis I. Rohrer is to be accomplished under the terms of an oral agreement whereby Mary Leslie and Susan A. Branham will transfer all issued stock to Jerome A. Kanney and Dennis I. Rohrer for a nominal consideration.

4. Mary Leslie and Susan A. Branham have entered into the Application for approval of the transfer of their stock, which represents 100 percent of the shares of Dema, to Jerome A. Kanney and Dennis I. Rohrer.

5. Jerome A. Kanney and Dennis I. Rohrer are both actively engaged in natural gas distribution in Kentucky as the operators of Cow Creek Gas, Inc., and have business experience in the natural gas industry.

6. Applicant has filed an Adoption Notice adopting all tariffs filed by Dema.

7. The statement, filed as Applicant's Exhibit "C," together with additional information filed with the application, demonstrates that Jerome A. Kanney and Dennis I. Rohrer possess the financial, managerial and technical ability to provide reasonable service in the Commonwealth of Kentucky.

The Commission finds that Jerome A. Kanney and Dennis I. Rohrer have demonstrated the financial, technical, and managerial ability to provide reasonable service and further finds that the proposed transaction will be made in accordance with

law, for a proper purpose, and consistent with the public interest. Consequently, the proposed transfer should be approved.

IT IS THEREFORE ORDERED that:

1. The proposed transfer of all of the issued and outstanding capital stock of Dema to Jerome A. Kanney and Dennis I. Rohrer is hereby approved.
2. Applicant shall notify the Commission within 10 days of the consummation of the stock transfer or, in the alternative, shall notify the Commission if the proposed transaction does not occur.
3. Dema shall file within 10 days of the transfer of its stock, a list of its stockholders, the number of shares held by each, and a list of the corporate officers.

Done at Frankfort, Kentucky, this 3rd day of August, 1999.

By the Commission

ATTEST:


Executive Director

INTERSTATE NATURAL GAS COMPANY

276 Thompson Road
P.O. Box 3385
Pikeville, Ky 41502-3385
Phone (606) 437-6147
Fax (606) 432-5103

RECEIVED
JUL 19 1999
PUBLIC SERVICE
COMMISSION

July 16, 1999

Stephanie Bell
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

RE: Case No. 99-232

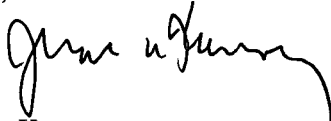
To Whom It May Concern:

We received your request for a Signed Purchase/Sales Agreement, or some type of reduction of the terms of the transfer to writing regarding case no. 99-232. Please be advised that we do not have these documents.

If we can assist you any further with this matter please contact a member of the staff at the above phone number or address.

Thank you for your time and attention to this matter.

Sincerely,



Jerome A. Kanney
General Partner

JAK/jrc



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

July 14, 1999

To: All Parties of Record

Re: Case No. 99-232
Filing Deficiencies

The Commission staff has reviewed your application in the above case and finds that it meets the minimum filing requirements. Enclosed please find a stamped-filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

The following item is not required to be filed with an application for transfer but ideally must be filed in order to expedite the processing of the application:

Signed Purchase/Sale Agreement, or at least some kind of reduction of the terms of the transfer to writing, e.g., a letter of understanding.

Please provide the Commission with the above information within 15 days of the date of this letter. If you need further assistance, please contact James R. Goff of my staff at (502) 564-3940, ext. 261.

Sincerely,
Stephanie Bell

Stephanie Bell
Secretary of the Commission

/sh



AN EQUAL OPPORTUNITY EMPLOYER M/F/D

INTERSTATE NATURAL GAS COMPANY

276 Thompson Road
P.O. Box 3385
Pikeville, Ky 41502-3385
Phone (606) 437-6147
Fax (606) 432-5103

July 21, 1999

RECEIVED
JUL 22 1999
PUBLIC SERVICE
COMMISSION

Stephanie Bell
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

RE: Case No. 99-232

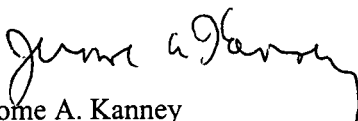
To Whom It May Concern:

We received your request for a Signed Purchase/Sales Agreement, or some type of reduction of the terms of the transfer to writing regarding case no. 99-232. Please be advised that this was an oral agreement for a nominal amount and that there is no written agreement in existence.

If we can assist you any further with this matter please contact a me at the above phone number or address.

Thank you for your time and attention to this matter.

Sincerely,


Jerome A. Kanney
General Partner

JAK/jrc



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

July 8, 1999

To: All Parties of Record

Re: Case No. 99-232
Filing Deficiencies

The Commission staff has conducted an initial review of your filing in the above case. This filing is rejected pursuant to 807 KAR 5:001, Section 2, as it is deficient in certain filing requirements. The items listed below are either required to be filed with the application or must be referenced if they are already on file in another case or will be filed at a later date.

Filing deficiencies pursuant to 807 KAR 5:001, Section 8(3):

If applicant is a corporation, a certified copy of the Articles of Incorporation and all amendments thereto or if the articles were filed with the PSC in a prior proceeding, a reference to the style and case number of the prior proceeding.

The following item is not required to be filed with an application for transfer but ideally must be filed in order to expedite the processing of the application:

Signed Purchase/Sale Agreement, or at least some kind of reduction of the terms of the transfer to writing, e.g., a letter of understanding.

The statutory time period in which the Commission must process this case will not commence until the above-mentioned information is filed with the Commission. You



AN EQUAL OPPORTUNITY EMPLOYER M/F/D

are requested to file 10 copies of this information within 15 days of the date of this letter.
If you need further information, please contact James R. Goff of my staff at (502)564-3940, ext. 261.

Sincerely,



Stephanie Bell
Secretary of the Commission

sa



Jerome A. Kanney
276 Thompson Road
P. O. Box 3385
Pikeville, KY. 41502 3385

Mary Leslie
P. O. Box 371
Prestonsburg, KY. 41653

Dennis L. Rohrer
276 Thompson Road
P. O. Box 3385
Pikeville, KY. 41502 3385

Susan A. Branham
P. O. Box 785
Prestonsburg, KY. 41653



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

June 14, 1999

To: All parties of record

RE: Case No. 99-232
DEMA GAS COMPANY, INC.
(Transfer/Sale/Purchase/Merger)
TO JEROME A. KANNEY & DENNIS L. ROHRER

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received June 9, 1999 and has been assigned Case No. 99-232. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/jc



Jerome A. Kanney
276 Thompson Road
P. O. Box 3385
Pikeville, KY. 41502 3385

Mary Leslie
P. O. Box 371
Prestonsburg, KY. 41653

Dennis L. Rohrer
276 Thompson Road
P. O. Box 3385
Pikeville, KY. 41502 3385

Susan A. Branham
P. O. Box 785
Prestonsburg, KY. 41653

Jerome A. Kanney & Dennis L. Rohrer

276 Thompson Road
P.O. Box 3385
Pikeville, KY 41502-3385
Phone (606) 437-6147
Fax (606) 432-5103

RECEIVED
JUN 09 1999
PUBLIC SERVICE
COMMISSION

June 7, 1999

FILED
JUN 09 1999
PUBLIC SERVICE
COMMISSION

Don Mills, Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

Dear Mr. Mills:

CASE 99-232

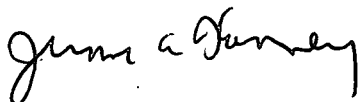
Jerome A. Kanney and Dennis L. Rohrer, whose business addresses are 276 Thompson Road, P.O. Box 3385, Pikeville, Kentucky 41502-3385, plan to purchase Dema Gas Company, Inc. from Mary Leslie and Susan A. Crum.

Jerome A. Kanney and Dennis L. Rohrer also own Cow Creek Gas, Inc., and are familiar with Public Service Commission's regulations. Dema Gas Company, Inc. services approximately 23 customers in Knott County, Kentucky. Dema Gas Company, Inc. has made arrangements with John Allen, Jr. to handle all billing and collections.

Please find enclosed an original application along with 10 requested copies of the application and 2 additional copies for the other individuals listed on the application. Also enclosed is a certified copy of the Articles of Incorporation for Dema Gas Company.

Thank you for your time and attention to this matter.

Very truly yours,



JEROME A. KANNEY

JAK/tan

Enclosures: Application
12 copies
Articles of Incorporation

RECEIVED
JUN 09 1999
PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

Before the Public Service Commission of Kentucky

IN THE MATTER OF: The application of Jerome A.)
Kanney and Dennis L. Rohrer and Mary Leslie and)
Susan A. Branham for the approval of the acquisition)
of the stock of Dema Gas Company, Inc. (Dema) of)
Prestonsburg, Floyd County, Kentucky.)

CASE NO: 99-232

APPLICATION

Mr. Jerome A. Kanney and Mr. Dennis L. Rohrer (Mr. Kanney and Mr. Rohrer) of P.O. Box 3385, Pikeville, Kentucky 41502-3385; Dema Gas Company, Inc. (Dema) of P.O. Box 820, Prestonsburg, Kentucky 41653; and Mary Leslie and Susan A. Branham (Ms. Leslie and Ms. Branham) of P.O. Box 820, Prestonsburg, Kentucky 41653. (Mr. Kanney and Mr. Rohrer, Dema, Ms. Leslie and Ms. Branham collectively referred to as "Applicants") hereby submit this Application pursuant to the requirements of KRS 278.020 (4) and (5) and the requirements of KRS 278.300 and to this end, the Applicants respectfully show that:

THE PARTIES

Mary Leslie and Susan A. Branham presently own 100% of the stock of Dema (the "Shares").

Dema is a natural gas utility and a Kentucky Corporation located in Prestonsburg in Floyd County, Kentucky and serves parts of the area surrounding the Topmost area. Dema provides natural gas service to approximately 23 customers in Knott County, Kentucky.

THIS APPLICATION

Pursuant to KRS 278.020 (5) and KRS 278.300 (2) the Applicants hereby submit this application, made under oath, and filed on behalf of Dema by Jerome A. Kanney, the President, Secretary and Treasurer, and Dennis L. Rohrer, the Vice President of Dema, as executive officers having knowledge of the matters set forth and duly designated by the utility.

Pursuant to 807 KAR 5:001:8 (3), the Applicants hereby attach a certified copy of Dema's Articles of Incorporation thereto as Exhibit A.

Pursuant to 807 KAR 5:011:11, the Applicants hereby attach a "Form of Adoption Notice" as Exhibit B, that adopts, ratifies, and makes the rates, rules, classification and administrative regulations of the former operating utility, or file with the commission and effective at the time of such change of ownership and control.

TRANSFER OF DEMA STOCK

Pursuant to the requirements contained in KRS 278.020 (4), (5) and KAR 5:001, Section 8, the Applicants hereby seek the Commission's approval of a transfer of all outstanding shares of Dema from Ms. Leslie and Ms. Branham to Mr. Kanney and Mr. Rohrer.

Pursuant to KRS 278.020 (4), the Applicants state that they believe that Mr. Kanney and Mr. Rohrer have the financial, technical and managerial abilities to provide reasonable natural gas service through Dema to Dema's current and potential customers. Mr. Jerome A. Kanney and Mr. Dennis L. Rohrer presently own and operate another natural gas utility in the Commonwealth of Kentucky. This system is Cow Creek Gas, Inc. Attached as Exhibit C is a description of Mr. Kanney and Mr. Rohrer's existing business and experience with various businesses, including natural gas utilities.

Current and potential customers who are or will be served by the Dema gas distribution system will not be adversely affected by the transfer in ownership of Dema; the operation of Dema gas distribution system will be steady and without interruption of service and will not adversely affect the service presently being rendered any customer or any future customer.

Dema has contracted with Mr. John Allen, Jr. of P.O. Box 898, Prestonsburg, Kentucky 41653, to do the monthly financial bookkeeping work. Mr. Allen, Jr. has vast experience with the Public Service Commission's rules and regulations. Mr. Allen, Jr. currently does bookkeeping for Cow Creek Gas, Inc., Mountain Utilities, Inc., and East Kentucky Utilities.

In order to accomplish the contemplated transfer of the Shares from Ms. Leslie and Ms. Branham to Mr. Kanney and Mr. Rohrer, the parties have entered into certain agreements including, without limitation, the following agreements: Agreement to Sale of Stock from Mary Leslie and an Agreement to Sale of Stock from Susan B. Branham.

The approval of the Public Service Commission is required in order to consummate Mr. Kanney and Mr. Rohrer's purchase of the Dema stock pursuant to KRS 278.020 (4) and (5).

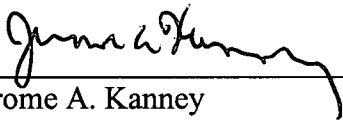
Pursuant to 807 KAR 5:001:11 (1) (b), the Applicants state that the proposed transfer of stock from Ms. Leslie and Ms. Branham to Mr. Kanney and Mr. Rohrer will not result in the issuance of any new stock, notes or bonds.

Pursuant to 807 KAR 5:001:11 (d), (2) (c), the Applicants state that the proposed transfer of all outstanding shares of Dema from Ms. Leslie and Ms. Branham to Mr. Kanney and Mr. Rohrer will not result in the acquisition of any additional property nor will this transfer result in any construction on existing property.

**NOW, THEREFORE, DEMA GAS COMPANY, INC., MARY LESLIE AND
SUSAN BRANHAM, JEROME A. KANNEY AND DENNIS L. ROHRER JOINTLY
PETITION THE PUBLIC SERVICE COMMISSION OF KENTUCKY AS FOLLOWS:**

That the Commission make its Order authorizing Ms. Leslie and Ms. Branham to transfer to Mr. Kanney and Mr. Rohrer, all of their ownership in the stock of Dema in accordance with the terms and conditions of the Agreement to Sale of Stock.

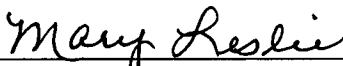
Respectfully submitted,



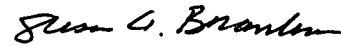
Jerome A. Kanney
276 Thompson Road
P.O. Box 3385
Pikeville, KY 41502-3385



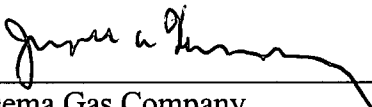
Dennis L. Rohrer
276 Thompson Road
P.O. Box 3385
Pikeville, KY 41502-3385



Mary Leslie
P.O. Box 371
Prestonsburg, KY 41653

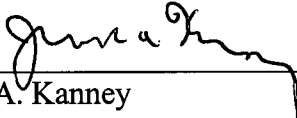


Susan A. Branham
P.O. Box 785
Prestonsburg, KY 41653

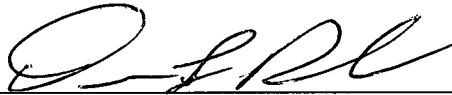


Dema Gas Company
276 Thompson Road
P.O. Box 3385
Pikeville, KY 41502-3385

I hereby swear and affirm that the foregoing and all attachments hereto are true and correct to the best of my knowledge and believe and I make this application and petition, dated as of June 1, 1999.



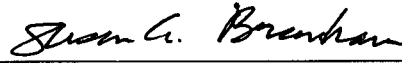
Jerome A. Kanney



Dennis L. Rohrer

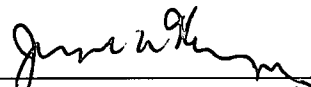


Mary Leslie




Susan A. Branham

DEMA GAS COMPANY, INC.

By: 

Jerome A. Kanney, President

By: 

Dennis L. Rohrer, Vice President

COMMONWEALTH OF KENTUCKY)
) :SS
COUNTY OF Pike)

SUBSCRIBED AND SWORN to before me by Jerome A. Kanney, as an individual and as President, Secretary, and Treasurer of Dema Gas Company, Inc., on June 3, 1999.

Shirley A. Newville
Notary Public
My Commission Expires: 11/17/2001

COMMONWEALTH OF KENTUCKY)
) :SS
COUNTY OF Pike)

SUBSCRIBED AND SWORN to before me by Dennis L. Rohrer, as an individual and as Vice President, of Dema Gas Company, Inc., on June 4, 1999.

Shirley A. Newville
Notary Public
My Commission Expires: 11/17/2001

COMMONWEALTH OF KENTUCKY)
) :SS
COUNTY OF Floyd)

SUBSCRIBED AND SWORN to before me by Mary Leslie, on 6/1/99, 1999.

John Allan Jr.
Notary Public
My Commission Expires: 3/16/2002

COMMONWEALTH OF KENTUCKY)
) :SS
COUNTY OF Floyd)

SUBSCRIBED AND SWORN to before me by Susan A. Branham, on 6/1/99, 1999.

John Allan Jr.
Notary Public
My Commission Expires: 3/16/2002

EXHIBIT "B"

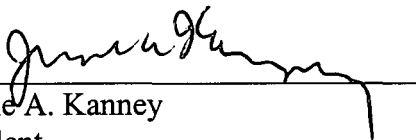
ADOPTION NOTICE

P.S.C. Adoption Notice No. _____


The undersigned Dema Gas Company, Inc. of Prestonsburg, Kentucky hereby adopts, ratifies, and makes its own, in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and administrative regulations for furnishing gas service at Topmost in the Commonwealth of Kentucky, filed with the Public Service Commission by Mary Leslie and Susan Branham of Prestonsburg, and in effect on the 15th day of June, 1999, the date on which the public service business of the said Mary Leslie and Susan Branham was taken over by it.

This notice is issued on the 16th day of June, 1999, in conformity with Section 10 of P.S.C. Tariff administrative regulations adopted by the Public Service Commission.

By: DEMA GAS COMPANY, INC.



Jerome A. Kanney
President



Dennis L. Rohrer
Vice President

EXHIBIT "C"

Mr. Kanney and Mr. Rohrer's existing business and prior experience with various businesses, including natural gas.

Mr. Jerome A. Kanney is a CPA in Pikeville, Kentucky, and has prepared different reports for several gas companies for many years. Mr. Kanney has been named Accounting Advocate of 1986 for Kentucky by the United States Small Business Administration.

Mr. Dennis L. Rohrer is a very knowledgeable person in the oil and gas industry. He has served as President of the Society of Petroleum Engineers, Eastern Kentucky Chapter. He has served as a consultant to Ashland Exploration, Kinzer Drilling Company, Equitable Gas Company, and to the Belfry Gas System in Belfry, Kentucky.

Mr. Kanney and Mr. Rohrer are general partners in Interstate Natural Gas Company. Interstate is located in Pikeville, Kentucky and was established in 1989. Additionally, Interstate has acquired various wells and developed numerous oil and gas leases in eight counties in Eastern Kentucky.

RECEIVED

JUN 09 1999

PUBLIC SERVICE
COMMISSION
ARTICLES OF INCORPORATION

OF

DEM. GAS COMPANY INC.

RECEIVED AND FILED

DATE APR 21 1989

TIME 2:30 PM

AMOUNT \$50.00

BREMER EHRLER
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY

BY TS

We, Mary Leslie and Susan A. Branham, hereby form a corporation under the laws of the Commonwealth of Kentucky, pursuant to Chapter 271A of Kentucky Revised statutes.

ARTICLE I

The name of the corporation is Dema Gas Company, Inc. with its place of business, P.O. Box 820, Prestonsburg, Floyd, Kentucky 41653.

ARTICLE II

The purpose of the corporation shall be to engage in any and all acts and powers granted under Kentucky Revised Statutes Chapter 271A, as deemed necessary to promote the interest of the corporation.

ARTICLE III

To do all acts necessary or convenient to accomplish the purposes herein set forth to the same extent as any natural person could or might do and are not forbidden by law, including all acts and powers granted under Kentucky Revised Statutes Chapter 271A.

ARTICLE IV

The duration of the corporation shall be perpetual, unless dissolved as provided by the laws of the Commonwealth of Kentucky.

ARTICLE V

The name and address of the registered agent and location of registered office is

Mary Leslie
P.O. Box 820
3 South Arnold Ave.
Allen-Weddington Building
Prestonsburg, Kentucky 41653

010

ARTICLE VI

The number of shares authorized to be issued by the corporation is One Hundred and the class of shares shall be without par value, each share having equal voting rights.

ARTICLE VII

The name and address of the incorporators:

<u>Name</u>	<u>Address</u>
Mary Leslie	P. O. Box 820 Prestonsburg, KY 41653
Susan A. Branham	P.O. Box 785 Prestonsburg, KY 41653

ARTICLE VIII

The number of directors shall be no more than seven.

ARTICLE IX

The holders of the shares of stock in the corporation shall not be liable for any debt or obligation of the corporation by reason of such ownership of share.

In Witness Whereof, the undersigned incorporators have duly signed and acknowledged these Articles of Incorporation, in triplicate originals, this the 21st day of April, 1989.

Mary Leslie

Mary Leslie

Susan A. Branham

Susan A. Branham

STATE OF KENTUCKY

COUNTY OF FLOYD

I, Robin Newhouse, a Notary Public in and for the State and County aforesaid do hereby certify that the foregoing Article of Incorporation was presented to me in said State and County by Mary Leslie and Susan A. Branham, who duly signed and acknowledged same to be their act and deed for the purposes therein stated.

Given under my hand as Notary Public aforesaid this the 21st day of April, 1989.

Robin L. Newhouse
Notary Public, Floyd County, Kentucky

My Commission Expires
January 3, 1993

The foregoing Articles
of Incorporation was
prepared by:

John Allen Attorney
Allen-Weddington Building
Prestonsburg, Kentucky 41653

STATE OF KENTUCKY
S.S.
COUNTY OF FLOYD

I, CARLA "ROBINSON" BOLTON, Clerk of the County Court in and for the County and State aforesaid certify that the foregoing Articles of Inc. was on the 8th day of May 1989 at 9:30 o'clock P.M. lodged for record whereupon the same with the foregoing and this certificate have duly recorded in my office.

Witness my hand, this 8th day of May 1989.

CARLA "ROBINSON" BOLTON, CLERK
BY: Jami Campbell D.C.

REC'D
FLOYD COUNTY CLERK'S OFFICE
MAY 10 1989
RECORDED
INDEXED

STATE OF KENTUCKY
COUNTY OF FLOYD

I, CARLA "ROBINSON" BOYD, Clerk for the county and state aforesaid do hereby certify that the foregoing is a true and correct copy of the Not. of Purchase as appears on record in Book P. 11 Page 2376 Floyd County Clerk's Office.

Witness my hand this the 31 day of March, 1999.

Carla "Robinson" Boyd, Clerk

BY: Stan Wood D.C.