

RECEIVED

OCT 13 2005

PUBLIC SERVICE
COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

In the Matter of the joint application)
of Orbit Gas Company and Orbit Gas)
Transmission, Inc. for authority and)
permission to sell and purchase the)
Orbit Gas Company natural gas)
distribution system and all related)
assets)

No. 2005-00427

APPLICATION

Now come the applicants, Orbit Gas Company and Orbit Gas Transmission, Inc. and respectfully show as follows:

1. That Orbit Gas Company (Seller) is a Kentucky corporation with offices at 600 Barrett Boulevard, Henderson, Kentucky 42420, and is duly engaged in the purchase, sale, transportation and distribution of natural gas in the western Kentucky counties of Christian, Hopkins, Muhlenberg and McLean and operates under a certificate issued by this Commission.
2. The post office address of the Seller is P.O. Box 2100, 600 Barrett Boulevard, Henderson, Kentucky 42419-2100.
3. Orbit Gas Transmission, Inc. (Purchaser) is a Kentucky corporation with offices at 830 Illinois Highway 15 East, Mt. Vernon, Illinois 62864, and Kentucky offices at 600 Barrett Boulevard, Henderson, Kentucky 42420. The principals of Orbit Gas Transmission, Inc. are Mr. Richard H. Straeter of Mt. Vernon, Illinois and Mr. Howard A. Nevins of Newburgh, Indiana. Both Mr. Straeter and Mr. Nevins are and have been engaged in the oil and gas business in the tristate area of southern

Illinois, southern Indiana and western Kentucky. Mr. Straeter is President of Continental Resources of Illinois, Inc., an oil and gas exploration and production company, and Mr. Nevins is the owner and President of Trey Exploration, Inc., an independent oil and gas operating company. Both Messrs. Straeter and Nevins have extensive experience in the oil and natural gas business and all related activities. A personal summary of the background and experience of each is attached to this petition in Exhibits "A-1" and "A-2".

4. The Seller has determined to dispose of its natural gas distribution system, together with all related assets thereto and has agreed, by and with the authority of its Board of Directors, to accept an offer to purchase all of such assets from Trey Exploration, Inc. as expressed in a Letter of Intent dated June 11, 2005 and signed by both parties. Trey Exploration, Inc. has, in turn, and with the consent of the Seller, assigned all of its interest in the letter of intent to Orbit Gas Transmission, Inc., the purchaser and co-applicant herein. A copy of the Letter of Intent, together with two extensions thereto and the assignment to Orbit Gas Transmission, Inc. are appended hereto marked Exhibit "B" to this application.
5. Subsequent to the execution of the offer and acceptance made Exhibit "B" to this application, the parties have executed a formal Purchase and Sale Agreement entitled "Asset Purchase and Sale Agreement", dated the 22nd day of September, 2005 and which describes fully the terms of the proposed transaction sought to be approved by the Commission. A copy of said Agreement is attached hereto marked Exhibit "C".

6. As noted on Exhibits "B" and "C", the proposed sale of the Orbit assets is conditioned upon approval by this Commission.
7. The applicants state to the Commission that the sale and purchase of the Orbit natural gas assets will be accomplished in the following manner:
 - a) All assets subject to the sale to the Purchaser will be free and clear of all liens and encumbrances; all liabilities of the Seller, together with accounts payable which accrue up to the date of closing of the transaction will be liquidated in full by the Seller.
 - b) Indemnification for all prior liabilities will be given to the Purchaser.
 - c) Capitalization for the Purchaser shall be furnished by the Purchaser.
 - d) Orbit Gas Transmission, Inc. will thereafter continue the present operations of the Orbit natural gas distribution system and related assets without interruption.
 - e) A copy of the Articles of Incorporation for Orbit Gas Transmission, Inc., together with a Certificate of Existence for said corporation issued by the Secretary of State for the Commonwealth of Kentucky are appended hereto marked Exhibit "D".
8. Applicants further state to the Commission:
 - a) That no basic changes in the operation of the Orbit gas system is contemplated by the Purchaser.
 - b) All supply contracts for natural gas are to be retained and continued.

- c) All sales contracts for natural gas, including all “farmtap” sales, shall be kept in full force and effect and fully honored.
 - d) Adequate supplies of natural gas are available to continue the operation of the Orbit gas system in the same or similar manner as in the past.
 - e) All present operating and staff personnel of the Seller will be retained by Orbit Gas Transmission, Inc.
9. Appended to this petition, marked Exhibit “E”, is a pro forma operating statement and balance sheet for Orbit Gas Transmission, Inc. The capitalization for the new Orbit Gas Transmission, Inc. has and will be furnished by the Purchaser. It is anticipated that the new Orbit Gas Transmission, Inc. shall commence operation without debt other than current trade accounts and accumulated payroll. The cash flow projection and anticipated operating expenses are based solely upon the previous operating experience of Orbit Gas Company over the past three years.
10. The description of the assets to be sold pursuant to the transaction described in this petition is appended hereto marked Exhibit “F”.
11. The management of Orbit Gas Transmission, Inc. will be provided by Messrs Straeter and Nevins who are the President and an officer of the Purchaser, and who will constitute the supervisory personnel for the company. In addition, the present personnel of Orbit Gas Company are to be retained in their present positions in order to provide a continuity of operation. It is the intention of Orbit Gas Transmission, Inc. to change as little as possible the present operations of the Orbit

gas system, especially as it pertains to the operating personnel. In other respects, however, the Purchaser intends to provide new direction to the company in an effort to expand its services and utilize more fully its present assets. It is also its intention to grow the company in the western Kentucky area.

12. The executive office of Orbit Gas Transmission, Inc. will remain at 600 Barrett Boulevard, Henderson, Kentucky 42420, where a full time staff will be maintained. The company field office in Hopkins County, Kentucky will continue to be maintained and utilized as in the past.
13. All tariffs presently in force and approved for the Seller shall be adopted by Orbit Gas Transmission, Inc.; a form of the requisite Adoption Notice is filed with this application and is made Exhibit "G" hereto. This Notice will be promptly signed and filed immediately upon approval by this Commission of the proposed sale and purchase as described herein.
14. The joint petitioners herein further state that the various allegations and representations of the Seller are solely those of the applicant, Orbit Gas Company and the various allegations and representations of the Purchaser are solely those of the applicant, Orbit Gas Transmission, Inc.
15. A copy of the Articles of Incorporation for Orbit Gas Company, together with a Certificate of Existence for said corporation issued by the Secretary of State for the Commonwealth of Kentucky are appended hereto marked Exhibit "H".

16. Finally, the Applicants submit that the proposed sale as described in this application is in the public interest because it will preserve the present structure of Orbit Gas Company and continue the service it has provided in the past. More importantly, the new management will bring to the table a fresh and younger approach with an emphasis on growth and expansion of service. The present management of the applicant, Orbit Gas Company, consist of the same two men who purchased the company in 1992 (see P.S.C. Case No. 92-037), namely William L. Haslins and Benjamin C. Cabbage, Jr. Mr. Haslins is now 78 years old and has not participated in the active management of the company for nearly seven years. Mr. Cabbage is 77 years old, has been the President of Orbit Gas Company since 1992 and provides the direction and management of the company. Candidly, it is time for the present management to step down. The proposed sale to Orbit Gas Transmission, Inc. will accommodate the present Orbit personnel without dislocation or interruption and preserve the level of service to the public that has been provided in the past. A younger and more aggressive management team will provide the stimulus for growth and better service in the future.
17. Applicants would further state to the Commission that an apparent misunderstanding was the result of a meeting between Mr. Richard H. Straeter and members of the staff of the Commission earlier this summer in regard to the transaction described in this application. As a result, the Purchaser proceeded with this transaction on the mistaken premise that no consent was required from this Commission. Consequently, nearly three months have elapsed and the time set by

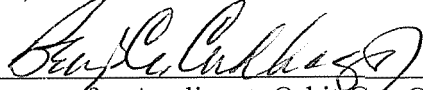
the parties to close their proposed transaction has had to be delayed. Applicants, therefore, respectfully request that the Commission expedite this matter so that a final order may be obtained as soon as possible and without regard to the permissible time periods normally applicable.

WHEREFORE, applicants pray that the Public Service Commission of the Commonwealth of Kentucky, on an expedited basis, issue its Order authorizing and permitting Orbit Gas Company to sell its natural gas distribution system, together with all related assets, to Orbit Gas Transmission, Inc. in accordance with the terms and conditions expressed in this application.

Dated at Henderson, Kentucky, this 12th day of October, 2005.

Respectfully submitted,


BENJAMIN C. CUBBAGE, JR.
600 Barrett Blvd., P.O. Box 17
Henderson, Kentucky 42420
(270) 827-5635



Attorney for Applicant, Orbit Gas Company

- and -

MARC D. FINE
Rudolph, Fine, Porter & Jolinson, LLP
221 N.W. Fifth Street
Evansville, Indiana 47708
(812) 422-9444




Attorney for Applicant, Orbit Gas Transmission, Inc.

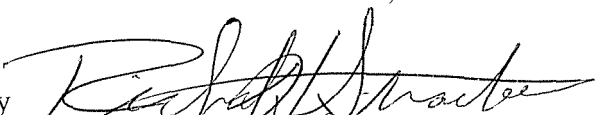
STATE OF KENTUCKY)
)
COUNTY OF HENDERSON)

Come now the Applicants, Benjamin C. Cubbage, Jr., President of Orbit Gas Company, and Richard H. Staeter, President of Orbit Gas Transmission, Inc. herein, and upon oath swear that the statements contained in the above Application are true as they verily believe.

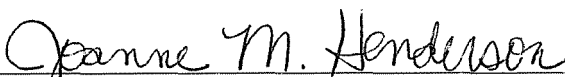
ORBIT GAS COMPANY

By 
Benjamin C. Cubbage, Jr., President

ORBIT GAS TRANSMISSION, INC.

By 
Richard H. Staeter, President

SUBSCRIBED AND SWORN to before me by Benjamin C. Cubbage, Jr., President of Orbit Gas Company, and Richard H. Staeter, President of Orbit Gas Transmission, Inc., this 12th day of October, 2005.


Notary Public

My Commission Expires: 3-22-06

EXHIBITS “A-1” and “A-2”

Exhibit “A-1” is a personal summary of the background and experience of Richard Straeter.

Exhibit “A-2” is a personal summary of the background and experience of Howard Nevins.

CURRICULUM VITAE

Richard H. Straeter, P.E. Inaugural President of Orbit Gas Transmission, Inc August 31, 2005 and President of Continental Resources of Illinois, Inc. since April of 2002. Richard received two degrees from the University of Missouri – Rolla; in May of 1983 with a Bachelors Degree in Petroleum Engineering and a Certificate in Petroleum Engineering in December 2004. He is a Registered Professional Engineer in Illinois, Indiana, Kentucky and Tennessee. He was the 2002 Illinois Oil & Gas Association, Petroleum Professional of the Year.

His professional career began in 1981 working for Amoco Production in West Texas while attending college. Following graduation, Straeter worked in West Africa and France for Flopetrol Johnston Schlumberger, then spent 18 years as an engineer and Vice President for Barger Engineering, Inc. His assignments included but were not limited to:

1. Engineering, Geologic and Economic valuations of Oil and Gas Producing and Gas Storage projects to \$9 Million.
2. Waterflood design, up to 80 wells including, Waterflood feasibility and economic analyses, participation factors, operating agreements and Supervision of construction.
3. Expert witness for suits and hearings including multiple gas storage cases.
4. Drilling and completion on site prognoses and supervision.
5. Consulting Engineer for various clients with **up** to 219 oil and gas producing and injection wells per client, tracking production, recommending workovers and filing of all EPA and State & Federal Applications and reports.

SCHOOLS & SEMINARS

Executive Management Program (1 week) Harvard Business School
Integrated Reservoir Management by Gannesh C. Thakur & Abdus Satter
Waterflooding (1week) by James T. Smith and William M. Cobb
Keys for Choosing Horizontal Drilling Opportunities by R. G. Knoll
Horizontal Drilling Workshop by Ross Clark
Gas Transmission & Distribution Piping Systems (1 week)
Carbonate Reservoirs, Their Origin, Geometry, and Characteristics
Spill Control and Countermeasure Plans by EPA Region IV
Remediation of Salt-Affected Soils at Oil and Gas Production Facilities by IPRB et.al.
Search for the Subtle & not so Subtle Traps in Benoist Sandstone
Introduction to Coalbed Methane by Halliburton
Seismic Exploration in the Illinois Basin by Howard J. Yorston
Analyzing Old Electric Logs by E. E. King
Old Electric log Interpretation by Douglas W. Hilchie
Gas Potential of the New Albany Shale

PROFESSIONAL AFFILIATIONS

1. Illinois Oil & Gas Association (Board member past 5 years)
2. Society of Petroleum Engineers, (1983-1999 technical chairman 1999-1988 office in Louisiana secretary continuing education chairman, publicity chairman)
3. Illinois, Kentucky and Indiana Oil & Gas Associations
4. Independent Oil Producers Association

HOWARD A. NEVINS PRESIDENT-GEOLOGIST

Howard A. Nevins is president of Trey Exploration, Inc. and has been since it was incorporated in 1987. Mr. Nevins has a **B.S.** degree in geology from Western Michigan University, with numerous hours worked towards a Masters in Business Administration. He has owned and operated numerous successful businesses in varied segments of the economy (American **Enviro-Services**, Inc., Midwest Custom Chemicals, Inc., Quality Environmental Laboratories, LLC., General Signals, inc., Signature Holdings, **LLC.**).

Professional certifications and associations are as follows:

Board of Directors, Independent **Oil** Producers of America

Past Chairman, American Petroleum Institute, Illinois Basin Chapter (Meritorious Service Award)

Certified Professional Geologist, Indiana #578

Certified Professional Geologist, Kentucky #337

Registered Professional Geologist, Tennessee #4718

Licensed Professional Geologist, Illinois #196-000374

Past Chairman, Society of Petroleum Engineers, Illinois Basin Chapter

Past President, Indiana-Kentucky Geological Society

Past Board Member, Indiana Advisory Council, (Indiana Dept. of Natural Resources)

Kentucky Colonel, Commonwealth of Kentucky

Former Vice President and Board Member for US. Energy Systems, with operations in Sweden, Canada, and **U.S.**, head of operations of gas to electricity projects, biomass to electricity, and **geothermal**.

GENERAL

Mr. Nevins was previously special projects and development geologist for Ashland Petroleum (Marathon-Ashland) for the Central United States. He has extensive exploration and production experience throughout the U.S. and several other countries. Exploration experience includes seismic confirmation of subsurface anomalies, satellite imagery, soil gas geochemistry, fracture studies, and subsurface interpretations.

Trey Exploration **personnel** have experience in all aspects of **oilfield** exploration. TEI has "on staff" **leasing** personnel which can lease prospects that are generated in-house or

identified by other consulting companies. The staff exploration geologists generate and **develop** ideas and prospects using proprietary **exploration information** and data available to the general public. Prospects submitted by independent **explorationists** are evaluated by **TEI** staff for geologic and economic merit.

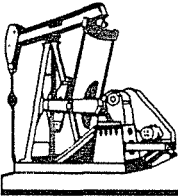
Subcontracted independent drilling contractors perform drilling activities. Completion activities **utilize local and/or national contractors to perform completion** specifications designed by **TEI** staff. Oil and gas production is sold to the highest paying pipeline or refining company in the area where the reserves are located.

Enhanced **oil** recovery projects utilize a combination of full time staff and subcontracted consultants. These projects include deepening of existing producing wells (or fields), initiating **waterflood** or secondary recovery. In-field drilling of existing fields and extension of those fields using seismic technology is a strong area of interest and emphasis for **TEI** staff.

EXHIBIT "B"

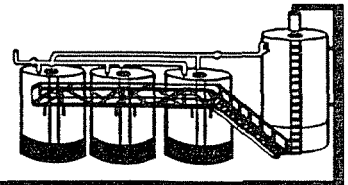
Exhibit "B" contains the following:

- 1) Non-Binding Letter of Intent to Buy Certain Assets of Orbit Gas Company dated June 10, 2005 by Trey Exploration, Inc.
- 2) Extension of Letter of Intent dated August 5, 2005
- 3) Second Extension of Letter of Intent dated September 1, 2005
- 4) Assignment of Letter of Intent dated September 22, 2005



TREY EXPLORATION, INC.

5700 PROSPECT DR., P.O. BOX 727
NEWBURGH, INDIANA 47629
(812) 858-3145



June 10, 2005

Orbit Gas Company
c/o Ben Cabbage
600 Barrett Boulevard
Henderson, KY 42420

**Subject: Non-Binding Letter of Intent
To Buy Certain Assets of Orbit Gas Company (ORBIT)**

Dear Ben,

Trey Exploration, Inc (TREY) is pleased to submit this proposal to acquire certain assets (including but not limited to accounts receivable, inventories, real property leaseholds, fixed assets, equipment, existing service and/or maintenance contracts, contracts to perform work or provide goods or services, customer relationships, work in process, prepaid accounts, supplies, durable goods, miscellaneous inventory, equipment, personal property or assets, and customer files, work records, business goodwill, files, patents, invention reports, intellectual and industrial property rights, and know-how (the "Assets")) and to assume certain balance sheet liabilities (the "Liabilities") of Orbit Gas Company related to its gas collection and distribution business ("ORBIT" or the "Company"). The Assets would be transferred to TREY, or its designee, free and clear of all debt, liens, pledges, claims, judgments, security interest, and except easements and rights of way on real property, restrictions and encumbrances.

We welcome the opportunity to discuss our proposal and are prepared to commit the resources to complete this transaction no later than ~~ninety (90)~~ ^{sixty} days from the letter is fully executed.

BC
AGK

1. Purchase Price.

TREY proposes to acquire the Assets (both tangible and intangible) which comprise the Company and are held by the Company and any other tangible or intangible assets used in or pertaining to the Company's business and assume certain liabilities associated with the operation of the Company in the normal course of business. The purchase price for the Assets shall be ~~\$2,000,000~~ (the "Purchase Price") and shall be payable in cash at the closing.

\$1,000,000.00
ONE MILLION DOLLARS
BC
AGK

The Purchase Price assumes that any and all outstanding debt (short and long term debt, notes, capitalized leases, etc.) will be paid by the Company (and the selling shareholders) at or prior to closing and that the Company (and the selling shareholders) will retain all of the cash on the balance sheet as of the closing.

2. Purchase Price Adjustment.

The Purchase Price will be (i) decreased to reflect the amount of any long-term debt assumed or repaid by TREY; and (ii) increased (or decreased) by the amount of a working capital adjustment to the extent **ORBIT'S** working capital at the time of closing is greater ~~than~~ (or less ~~than~~) a target working capital amount to be determined and agreed by the Parties prior to closing. A closing balance sheet will be prepared no later than **45** days after closing.

3. Payment.

On the Closing Date, the Purchase Price would be paid in immediately available funds. A Security Deposit for the benefit of Buyer, as described below, would be delivered to the Escrow Agent; the remainder of the Purchase Price would be paid to the Company.

4. Security Deposit and Indemnification for the Benefit of Buyer.

To ensure against unknown environmental or contingent liabilities, ten percent (10%) of the Purchase Price be placed into **an** escrow account for 12 months as security for the Company's obligations under the Agreement.

5. Environmental Representations, Warranties and Indemnifications.

The Agreement shall also include representations, warranties, and indemnifications from the Company and its shareholders and for the benefit of the Buyer regarding environmental matters related to the properties being acquired or leased as **part** of this transaction. The liability of the Company and its shareholders regarding such environmental matters shall pertain to events occurring before the Closing. TREY shall **not** assume any liability whatsoever for any environmental matter, direct, **third** party or otherwise, related to the operation of the business prior to Closing.

6. Financing.

TREY will pay the Purchase Price with currently available funds.

7. Transaction Expenses.

Whether or not the transaction has been consummated, each **party** will bear its own expenses.

8. **Employee Issues.**

We are interested in ORBIT in part because of certain employees and it is imperative that such employees remain with the Company after the closing. As such, this non-binding proposal is also contingent on interviews with all employees to determine if it is deemed imperative that employment contracts are essential for the completion of the this purchase.

9. **Real Estate Issues.**

Real Estate located in Hopkins County will need to be reviewed and assessed for any environmental or contingent liability.

10. **Timing.**

We are prepared to commit substantial time and resource to work towards and expedited completion of this transaction.

11. **Outside Approvals.**

It is our understanding that this transaction will require approval of The Public Service Commission of Kentucky along with FERC, Federal Energy Regulatory Commission, along with State of Kentucky Agency's.

12. **Conditions to Completion.**

TREY's obligation to consummate the transaction will be subject to customary conditions, including:

- a) **Due Diligence.** While we have reviewed the information provided to us by you and are prepared to move forward with a transaction under the terms outlined herein, our proposal is subject to the satisfactory completion of our due diligence, including items related to the Company's environmental and accounting information. We believe this can be completed expeditiously. *We would need to perform phase I environmental assessments of the compressor sites and the Hopkins Co. yard along with a PCB screening.*
- b) **Execution of an Acceptable Asset Purchase Agreement and Related Legal Documentation.** TREY and ORBIT shall have negotiated and executed an acceptable Asset Purchase Agreement, employment agreement with certain key employees, non-compete agreements, as well as other ancillary agreements as necessary and appropriate.
- c) **Conduct of Business.** Prior to closing, ORBIT will conduct its business only in the normal course including with respect to employee

BCC
[Handwritten signature]

compensation, employee relations, repair, maintenance and replacement of assets and capital expenditures, will pay liabilities as they become due, and collect receivables in accordance with past practice. In addition, ORBIT will do nothing that could reasonably be expected to impair the business, properties and customer/supplier relations or the value of the business. From the date hereof and as long as this letter agreement is in effect, ORBIT shall inform TREY of its intent to engage in any

extraordinary business or other extraordinary transactions. *All operating assets including: tools, vehicles, chemical and miscellaneous equipment shall remain with the purchaser (Trey).* \ / A.L.M. BOC

13. Access.

ORBIT shall afford, and cause it affiliates, officers and agents to afford, to TREY and its representative sand agents, at reasonable times and places, full and complete access to the properties, business, personnel and financial, legal, real estate, tax, environmental, and other data and information of the Company as reasonably requested by TREY or its representatives or agents.

14. Exclusivity.

ORBIT and its directors, officers, affiliates, shareholders, agents and representatives will not, directly or indirectly: (i) solicit, continue, enter into or otherwise conduct discussions with other potential purchasers regarding a prospective transaction involving the sale of ORBIT or any portion thereof, whether structured as a sale of stock or assets; merger; redemption; or any financing, dividend, distribution or similar transaction (an "Acquisition Proposal") or (ii) enter into any agreement, memorandum of understanding or letter of intent with respect to and Acquisition Proposal ORBIT will immediately notify TREY of the receipt of any Acquisition Proposal and all related details. The term of this exclusivity period shall be ~~ninety (90)~~ ^{SIXTY (60)} days unless otherwise agreed by the Parties (Exclusivity Period). The Exclusivity Period shall commence upon the execution of this letter of intent by both parties.

*BOC
H.L.M.*

15. Public Announcements.

No press release or public announcement or statement with respect to this letter or the transaction shall be issued or made without the consent of the other parties hereto, except as may be required by law (in which event the other parties will be given reasonable opportunity to review such announcement and to comment on it before it is made).

16. Non-Binding.

Except as stated in Paragraphs 14, 15, and 16, the parties acknowledge that this letter sets forth only a non-binding proposal, and that it is not intended to create any binding legal obligation and that no **party** will be obligated to proceed to consummate that transaction unless a mutually acceptable, definitive Asset Purchase Agreement is signed by TREY and the Company and all conditions to completion have been satisfied.

17. Termination.

Following your acceptance, this letter will automatically terminate and be of no further force and effect upon the earlier of: (i) the execution of an Asset Purchase Agreement between TREY and the Company; (ii) the mutual written agreement **of** TREY and the Company; or (iii) the termination of the Exclusivity Period. Notwithstanding anything in the previous sentence, the termination of this letter shall not affect any rights any party **has** with respect to a breach of Paragraphs 15 or 16 of this letter by another party prior to such termination.

18. Miscellaneous.

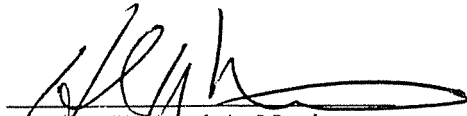
This letter may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement. The headings of the various sections of this letter agreement have been inserted for reference only and shall not be deemed to be a part of this letter. This letter shall be governed by and construed in accordance with laws of the State of Kentucky.

We are excited at the prospect of acquiring ORBIT to continue the Company's success and look forward to working with you on the completion of this transaction. We will be glad to respond to any questions that you may have about this proposal and explain our thoughts with respect to any of its provisions. In that regard, please do not hesitate to call me at (812) 858-3145.

Our proposal to you will expire at 5:00 p.m. (Central Daylight Time) on June 17, 2005, if we have not received written confirmation of your acceptance by that date.

Sincerely,

For Trey Exploration, Inc.



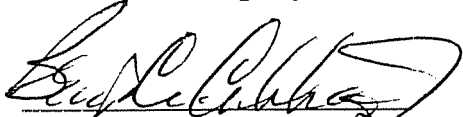
By: Howard A. Nevins

6-11-05

Date

Accepted and Agreed to:

Orbit Gas Company



By: B. C. CURBAGE - PRESIDENT

6-11-05

Date

EXTENSION OF LETTER OF INTENT

THIS EXTENSION OF LETTER OF INTENT, duly made and entered into this 5th day of August, 2005, by and between Trey Exploration, Inc., an Indiana corporation (hereinafter referred to as "Trey") and Orbit Gas Company, a Kentucky corporation (hereinafter "Orbit");

WITNESSETH, THAT:

WHEREAS, Trey and Orbit executed a Non-Binding Letter of Intent on June 11, 2005 ("Letter of Intent"), outlining the terms of Trey's offer to purchase certain assets of Orbit; and

WHEREAS, said Letter of Intent expired at 5:00 p.m. (Central Daylight Time) on August 9, 2005; and;

WHEREAS, Trey and Orbit desire to ratify all of the terms of the original Letter of Intent and extend the deadline for closing of the transaction contemplated in said Letter of Intent.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and agreements hereinafter contained and the performance thereof by the respective parties hereto, it is mutually agreed by and between the parties hereto as follows:

Extension of Letter of Intent. Trey and Orbit agree to extend the terms of the Letter of Intent, without any revision or alteration from the original drafting, and agree that said extended Letter of Intent shall expire at 5:00 p.m. (Central Daylight Time) on September 2, 2005.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first hereinabove set forth.

Trey Exploration, Inc.

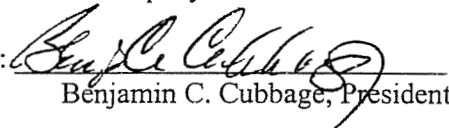
By:


Howard A. Nevins, President

"Trey"

Orbit Gas Company

By:


Benjamin C. Cabbage, President

"Orbit"

SECOND EXTENSION OF LETTER OF INTENT

THIS EXTENSION OF LETTER OF INTENT, duly made and entered into this 1st day of September, 2005, by and between Trey Exploration, Inc., an Indiana corporation (hereinafter referred to as "Trey") and Orbit Gas Company, a Kentucky corporation (hereinafter "Orbit"):

WITNESSETH, THAT:

WHEREAS, Trey and Orbit executed a Non-Binding Letter of Intent on June 11, 2005 ("Letter of Intent"), outlining the terms of Trey's offer to purchase certain assets of Orbit which expired on August 9, 2005; and

WHEREAS, by agreement dated August 5, 2005 and entitled "Extension of Letter of Intent", the parties agreed to extend the term of the Letter of Intent to and including September 2, 2005; and

WHEREAS, Trey and Orbit desire to ratify all of the terms of the original Letter of Intent, the first extension of Letter of Intent, and to further extend the deadline for closing of the transaction contemplated in said Letter of Intent

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and agreements hereinafter contained and the performance thereof by the respective parties hereto, it is mutually agreed by and between the parties hereto as follows:

Extension of Letter of Intent. Trey and Orbit agree to extend the terms of the Letter of Intent, without any revision or alteration from the original drafting, and agree that said extended Letter of Intent shall expire at 5:00 p.m. (Central Daylight Time) on September 30, 2005

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first hereinabove set forth.

Trey Exploration, Inc.

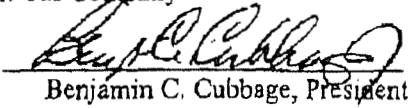
By:


Howard A. Nevins, President

"Trey"

Orbit Gas Company

By:


Benjamin C. Cabbage, President

"Orbit"

ASSIGNMENT OF LETTER OF INTENT

This ASSIGNMENT OF A LETTER OF INTENT duly made and entered effective this 22 day of ~~SEPTEMBER~~ SEPTEMBER 2005, is entered into by and between Trey Exploration, Inc., an Indiana corporation, (hereinafter referred to as "Assignor"), Howard A. Nevins, a resident of Wamck County, Indiana (hereinafter referred to as "Nevins") and Orbit Gas Transmission, Inc. (hereinafter referred to as "OGTI"):

RECITALS

A. Assignor has entered into a Letter of Intent dated June 11, 2005 with Orbit Gas Company, a Kentucky corporation ("Orbit"), attached hereto as Exhibit "A" which was extended pursuant to an Extension of Letter of Intent dated September 1, 2005 (collectively the "LOI"), attached hereto as Exhibit "B" which provides for the purchase of certain assets of Orbit;

B. Assignor paid an earnest money deposit to Orbit in the amount of Ten Thousand Dollars (\$10,000.00).

C. Assignor desires to irrevocably assign all of its interest in the LOI to OGTI in exchange for certain other consideration to be received by Assignor and Nevins.

D. OGTI desires to accept the assignment of Assignor's interest in the LOI in exchange for providing such additional consideration to Assignor and Nevins.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, Assignor, Nevins and OGTI hereby agree as follows:

1. Assignment. Assignor hereby assigns, transfers and conveys to OGTI (the "Assignment") all of Assignor's Interest in the LOI. OGTI hereby agrees to indemnify, defend and hold Assignor and Nevins harmless from and against any and all claims, liabilities, costs, losses, demands, damages, judgments and awards (including without limitation attorneys' fees, paralegal fees and costs of defense by counsel chosen and controlled by Assignor) arising from or in connection with this Assignment or the LOI.

2. Acceptance of Assignment. OGTI hereby accepts the Assignment contained in paragraph 1 hereof.

3. Closing. The closing of the transactions provided for herein shall take place on or before _____, 2005, at the offices of Rudolph, Fine, Porter & Johnson, LLP, Indiana, or such other date and place as shall be fixed by mutual consent in writing of the parties hereto. The date of the closing is referred to in this Agreement as the "Closing." The assignment of the LOI will be effective as of the opening of business on September __, 2005 Closing.

4. Representations, Warranties and Covenants. Assignor hereby represents, warrants, covenants and agrees:

4.1 Assignor is the lawful owner of the assigned LOI, free of all claims, liens or encumbrances other than those granted to OGTI under this Assignment;

4.2 The LOI is in full force and effect and shall remain in effect until 5:00 p.m. (Central Daylight Time) on September 30, 2005;

- 4.3 Assignor has not assigned, transferred or encumbered the LOI or any portion thereof or any interest therein, except in favor of OGTI.
- 5. Deliveries at the Closing. The following shall be delivered at closing:
 - 5.1 OGTI shall pay and reimburse Nevins the sum of Ten Thousand Dollars (\$10,000.00) as reimbursement for the earnest money deposit;
 - 5.3 OGTI shall pay Twenty Thousand Dollars (\$20,000.00) to Nevins;
 - 5.3 OGTI shall execute and deliver an Operating Agreement or Stockholders' Agreement, as applicable, in a form acceptable to Continental, Assignor and Nevins;
 - 5.4 OGTI shall execute and deliver a Royalty Agreement, in a form acceptable to OGTI, Assignor and Nevins;
 - 5.5 OGTI shall execute and deliver a Consulting Agreement, in a form acceptable to OGTI, Assignor and Nevins.

6. Binding; Effect. This Assignment shall bind the heirs, executors, administrators, successors and assigns of Assignor and inure to the benefit of the heirs, executors, administrators, successors and assigns of OGTI.

- 7. Governing Law. This Assignment shall be deemed to have been made in the State of Kentucky and the validity, construction, interpretation, and enforcement hereof, and the rights of the parties hereto, shall be determined under, governed by, and construed in accordance with the internal laws of the State of Kentucky, without regard to principles of conflicts of law.
- 8. Chemicals. It is acknowledged that Nevins has ownership in Midwest Custom Chemicals, Inc., OGTI agrees to allow MCC to compete for business with other vendors.

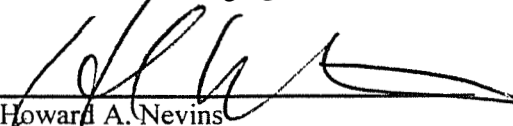
[The remainder of this page is intentionally left.]

IN WITNESS WHEREOF, this Assignment has been duly executed as of the date first set forth hereinabove.

Trey Exploration, Inc.

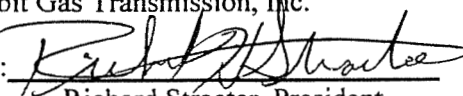
By: 
Howard A. Nevins, President

/"Assignor"


Howard A. Nevins

"Nevins"

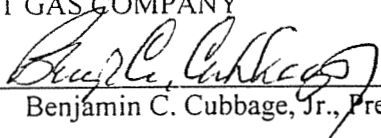
Orbit Gas Transmission, Inc.

By: 
Richard Straeter, President

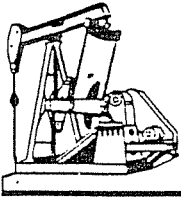
CONSENT TO ASSIGNMENT

The undersigned, the ORBIT GAS COMPANY, a Kentucky corporation, does hereby consent to the foregoing Assignment of Letter of Intent, effective the 22 day of SEPTEMBER 2005.

ORBIT GAS COMPANY

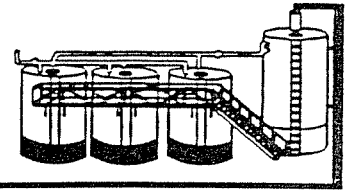
By: 
Benjamin C. Cabbage, Jr., President

" EXHIBIT A "



TREY EXPLORATION. INC.

5700 PROSPECT DR , P.O BOX 727
NEWBURGH, INDIANA 47629
(812) 858-3145



June 10.2005

Orbit Gas Company
c/o Ben Cabbage
600 Barren Boulevard
Henderson. KY 42420

*Subject: Non-Binding Letter of Intent
To Buy Certain Assets of Orbit Gas Company (ORBIT)*

Dear Ben.

Trey Exploration. Inc (TREY)s pleased to submit this proposal to acquire certain assets (including but not limited to accounts receivable. inventories. real property leaseholds. fixed assets. equipment. existing service and/or maintenance contracts. contracts to perform work or provide goods or services. customer relationships. work in process. prepaid accounts. supplies. durable goods. miscellaneous inventory, equipment. personal property or assets. and customer files. work records. business goodwill. files. patents. invention reports. intellectual and industrial property rights. and know-how (the "Assets")) and to assume certain balance sheet liabilities (the "Liabilities") of Orbit Gas Company related to its gas collection and distribution business ("ORBIT" or the "Company"). The Assets would be transferred to TREY. or its designee. free and clear of all debt. liens. pledges. claims. judgments. security interest. and except easements and rights of way on real property. restrictions and encumbrances.

We welcome the opportunity to discuss our proposal and are prepared to commit the resources to complete this transaction no later than ~~ninety (90)~~ days from the letter is fully executed.

Sixty (60)

Handwritten initials/signature

1. Purchase Price.

TREY proposes to acquire the Assets (both tangible and intangible) which comprise the Company and are held by the Company and any other tangible or intangible assets used in or pertaining to the Company's business and assume certain liabilities associated with the operation of the Company in the normal course of business. The purchase price for the Assets shall be ~~\$4,000,000~~ (the "Purchase Price") and shall be payable in cash at the closing.

Handwritten notes:
\$1,000,000.00
ONE MILLION DOLLARS

The Purchase Price assumes that any and all outstanding debt (short and long term debt, notes, capitalized leases, etc.) will be paid by the Company (and the selling shareholders) at or prior to closing and that the Company (and the selling shareholders) will retain all of the cash on the balance sheet as of the closing.

2. **Purchase Price Adjustment.**

The Purchase Price will be (i) decreased to reflect the amount of any long-term debt assumed or repaid by TREY; and (ii) increased (or decreased) by the amount of a working capital adjustment to the extent ORBIT'S working capital at the time of closing is greater than (or less than) a target working capital amount to be determined and agreed by the Parties prior to closing. A closing balance sheet will be prepared no later than 45 days after closing.

3. **Payment.**

On the Closing Date, the Purchase Price would be paid in immediately available funds. A Security Deposit for the benefit of Buyer, as described below, would be delivered to the Escrow Agent; the remainder of the Purchase Price would be paid to the Company.

4. **Security Deposit and Indemnification for T B of _____.**

To ensure against unknown environmental or contingent liabilities, ten percent (10%) of the Purchase Price be placed into an escrow account for 12 months as security for the Company's obligations under the Agreement.

5. **Environmental Representations, Warranties and Indemnifications.**

The Agreement shall also include representations, warranties, and indemnifications from the Company and its shareholders and for the benefit of the Buyer regarding environmental matters related to the properties being acquired or leased as part of this transaction. The liability of the Company and its shareholders regarding such environmental matters shall pertain to events occurring before the Closing. TREY shall not assume any liability whatsoever for any environmental matter, direct, third party or otherwise, related to the operation of the business prior to Closing.

6. **Financing.**

TREY will pay the Purchase Price with currently available funds.

7. **Transaction Expenses.**

Whether or not the transaction has been consummated, each party will bear its own expenses.

8. **Employee Issues.**

We are interested in ORBIT in part because of certain employees and it is imperative that such employees remain with the Company after the closing. As such, this non-binding proposal is also contingent on interviews with all employees to determine if it is deemed imperative that employment contracts are essential for the completion of the this purchase.

9. **Real Estate Issues.**

Real Estate located in Hopkins County will need to be reviewed and assessed for any environmental or contingent liability.

10. **Timing.**

We are prepared to commit substantial time and resource to work towards and expedited completion of this transaction.

11. **Outside Approvals.**

It is our understanding that this transaction will require approval of The Public Service Commission of Kentucky along with FERC. Federal Energy Regulatory Commission. along with State of Kentucky Agency's.

12. **Conditions to Completion.**

TREY's obligation to consummate the transaction will be subject to customary conditions, including:

- a) **Due Diligence.** While we have reviewed the information provided to us by you and are prepared to move forward with a transaction under the terms outlined herein. our proposal is subject to the satisfactory completion of our due diligence, including items related to the Company's environmental and accounting information. We believe this can be completed expeditiously. *We would need to perform phase I environmental assessments of the compressor sites and the Hopkins Co yard along with a PCB screening.*
- b) **Execution of an Acceptable Asset Purchase Agreement and Related Legal Documentation.** TREY and ORBIT shall have negotiated and executed an acceptable Asset Purchase Agreement. employment agreement with certain key employees, non-compete agreements, as well as other ancillary agreements as necessary and appropriate.
- c) **Conduct of Business.** Prior to closing, ORBIT will conduct its business only in the normal course including with respect to employee

BUC
[Signature]

compensation, employee relations, repair, maintenance and replacement of assets and capital expenditures, will pay liabilities as they become due. and collect receivables in accordance with past practice. In addition, ORBIT will do nothing that could reasonably be expected to impair the business. properties and customer/supplier relations or the value of the business. From the date hereof and as long as this letter agreement is in effect, ORBIT shall inform TREY of its intent to engage in any extraordinary business or other extraordinary transactions.

13.

Access.

including: tools, vehicles, chemical and miscellaneous equipment shall remain with the purchaser (Trey). *✓ f.l.g.M. B&C*

ORBIT shall afford, and cause it affiliates, officers and agents to afford, to TREY' and its representative sand agents, at reasonable times and places, full and complete access to the properties, business, personnel and financial, legal. real estate. tax, environmental, and other data and information of the Company as reasonably requested by TREY or its representatives or agents.

14.

Exclusivity.

ORBIT and its directors, officers, affiliates, shareholders, agents and representatives will not, directly or indirectly: (i) solicit, continue, enter into or otherwise conduct discussions with other potential purchasers regarding a prospective transaction involving the sale of ORBIT or any portion thereof, whether structured as a sale of stock or assets; merger; redemption; or any financing, dividend. distribution or similar transaction (an "Acquisition Proposal") or (ii) enter into any agreement, memorandum of understanding or letter of intent with respect to and Acquisition Proposal ORBIT will immediately notify TREY of the receipt of any Acquisition Proposal and all related details. The term of this exclusivity period shall be ~~thirty~~ ^{SIXTY (60)} days unless otherwise agreed by the Parties (Exclusivity Period). The Exclusivity Period shall commence upon the execution of this letter of intent by both parties.

*B&C
H&L*

15.

Pubiic Announcements.

No press release or public announcement or statement with respect to this letter or the transaction shall be issued or made without the consent of the other parties hereto, except as may be required by law (in which event the other parties will be given reasonable opportunity to review such announcement and to comment on it before it is made).

16. Non-Binding.

Except as stated in Paragraphs 14, 15, and 16, the parties acknowledge that this letter sets forth only a non-binding proposal, and that it is not intended to create any binding legal obligation and that no party will be obligated to proceed to consummate that transaction unless a mutually acceptable, definitive Asset Purchase Agreement is signed by TREY and the Company and all conditions to completion have been satisfied.

17. Termination.

Following your acceptance, this letter will automatically terminate and be of no further force and effect upon the earlier of: (i) the execution of an Asset Purchase Agreement between TREY and the Company; (ii) the mutual written agreement of TREY and the Company; or (iii) the termination of the Exclusivity Period. Notwithstanding anything in the previous sentence, the termination of this letter shall not affect any **rights** any party **has** with respect to a breach of Paragraphs 15 or 16 of this letter by another party prior to such termination.

18. Miscellaneous.

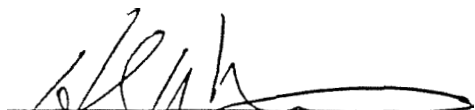
This letter may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement. The headings of the various sections of this letter agreement have been inserted for reference only and shall not be deemed to be a part of this letter. This letter shall be governed by and construed in accordance with laws of the State of Kentucky.

We are excited at the prospect of acquiring ORBIT to continue the Company's success and look forward to working with you on the completion of this transaction. We will be glad to respond to any questions that you may have about this proposal and explain our thoughts with respect to any of its provisions. In that regard, please do not hesitate to call me at (812) 858-3135.

- **Our** proposal to you will expire at 5:00 p.m. (Central Daylight Time) on June 17, 2005, if we have not received written confirmation of your acceptance by that date.

Sincerely,

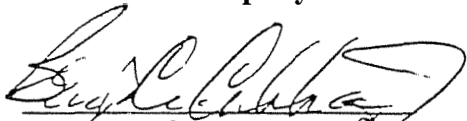
For Trey Exploration, Inc.


By: Howard A. Nevins

6-11-05
Date

Accepted and Agreed to:

Orbit Gas Company


By: B. C. CUBSAGE - PRESIDENT

6-11-05
Date

"EXHIBIT B"

SECOND EXTENSION OF LETTER OF INTENT

THIS EXTENSION OF LETTER OF INTENT, duly made and entered into this 1st day of September, 2005, by and between Trey Exploration, Inc, an Indiana corporation (hereinafter referred to as "Trey") and Orbit Gas Company, a Kentucky corporation (hereinafter "Orbit");

WITNESSETH, THAT:

WHEREAS, Trey and Orbit executed a Non-Binding Letter of Intent on June 11, 2005 ("Letter of Intent"): outlining the terms of Trey's offer to purchase certain assets of Orbit which expired on August 9, 2005; and

WHEREAS, by agreement dated August 5, 2005 and entitled "Extension of Letter of Intent", the parties agreed to extend the term of the Letter of Intent to and including September 2, 2005, and

WHEREAS, Trey and Orbit desire to ratify all of the terms of the original Letter of Intent, the first extension of Letter of Intent, and to further extend the deadline for closing of the transaction contemplated in said Letter of Intent

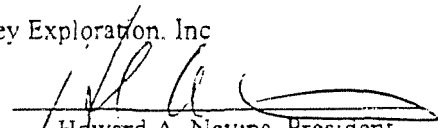
NOW, THEREFORE, for and in consideration of the mutual promises, covenants and agreements hereinafter contained and the performance thereof by the respective parties hereto, it is mutually agreed by and between the parties hereto as follows:

Extension of Letter of Intent. Trey and Orbit agree to extend the terms of the Letter of Intent, without any revision or alteration from the original drafting, and agree that said extended Letter of Intent shall expire at 5:00 p.m. (Central Daylight Time) on September 30, 2005

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first hereinabove set forth.

Trey Exploration, Inc

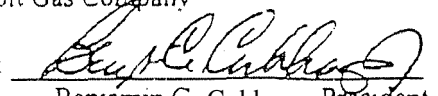
By


Howard A. Nevins, President

"Trey"

Orbit Gas Company

By:


Benjamin C. Cubbage, President

"Orbit"

EXTENSION OF LETTER OF INTENT

THIS EXTENSION OF LETTER OF INTENT, duly made and entered into this 5th day of August, 2005, by and between Trey Exploration, Inc., an Indiana corporation (hereinafter referred to as "Trey") and Orbit Gas Company, a Kentucky corporation (hereinafter "Orbit");

WITNESSETH, THAT:

WHEREAS, Trey and Orbit executed a Non-Binding Letter of Intent on June 11, 2005 ("Letter of Intent"), outlining the terms of Trey's offer to purchase certain assets of Orbit; and

WHEREAS, said Letter of Intent expired at 5:00 p.m. (Central Daylight Time) on August 9, 2005; and:

WHEREAS, Trey and Orbit desire to ratify all of the terms of the original Letter of Intent and extend the deadline for closing of the transaction contemplated in said Letter of Intent.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and agreements hereinafter contained and the performance thereof by the respective parties hereto, it is mutually agreed by and between the parties hereto as follows.

Extension of Letter of Intent. Trey and Orbit agree to extend the terms of the Letter of Intent, without any revision or alteration from the original drafting, and agree that said extended Letter of Intent shall expire at 5:00 p.m. (Central Daylight Time) on September 2, 2005.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first hereinabove set forth

Trey Exploration, Inc.

By: 

Howard A. Nevins, President

"Trey"

Orbit Gas Company

By: 

Benjamin C. Cabbage, President

"Orbit"

EXHIBIT "C"

Exhibit "C" is the formal purchase and sale agreement between Orbit Gas Company and Orbit Gas Transmission, Inc. dated September 22, 2005 and entitled "Asset Purchase and Sale Agreement"

ASSET PURCHASE AND SALE AGREEMENT

THIS ASSET PURCHASE AND SALE AGREEMENT, made and entered into this 22 day of SEPTEMBER, 2005 (the "Signing Date"), to be effective September 1, 2005 (the "Effective Date"), by and between Orbit Gas Company, a Kentucky corporation (hereinafter referred to as the "Seller") and Orbit Gas Transmission, Inc., a Kentucky corporation (hereinafter referred to as "Purchaser").

WITNESSETH, THAT:

WHEREAS, Purchaser desires to purchase substantially all of the assets of the Business from Seller, and Seller desires to sell the same to Purchaser; and

WHEREAS, the parties are desirous of evidencing their agreements in respect of such purchase and sale which is to be made on all of the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter provided, which the parties agree to keep and perform, it is hereby agreed as follows:

ARTICLE I PURCHASE AND SALE OF ASSETS

1.1 Assets to be Purchased and Sold. Subject to the terms and conditions of this Agreement, Seller agrees to sell, convey, transfer and deliver to Purchaser at the Closing (as hereinafter defined), the assets owned by the Seller and used by the Seller in the conduct of its Business, as the same may exist on the Closing, including specifically, but not limited to, and not in limitation of the generality of the foregoing, the following (all of which shall be collectively referred to herein as the "Assets"):

- 1.1.1 Any and all pipelines, equipment, machinery, tools, machining tools, parts, office furniture, fixtures, equipment, rolling stock, computers, software, software licenses, supplies, accessories, price lists, and advertising materials and brochures, including, but not limited to those items set forth on Schedule 1.1.1, which is attached hereto and by this reference made a part hereof;
- 1.1.2 Any and all vehicles, trucks, automobiles, motorized vehicles, vans and any other vehicles of the Seller, including specifically those vehicles set forth in Schedule 1.1.2, attached hereto and made a part hereof;
- 1.1.3 The natural gas inventory of Seller including specifically the natural gas inventory located in the East Diamond Field, Hopkins County, Kentucky and all inventory of piping, spare parts, and inventory of items associated with the Business;
- 1.1.4 All information, books, documents and records relating to the Business of Seller, including all customer and supplier lists, agreements and arrangements and all records and correspondence with customers, suppliers and/or dealers;
- 1.1.4 Any and all work in progress, bids, proposals or the contract rights of Seller under the contracts and agreements including those set forth on Schedule 1.1.4, which is attached hereto and by this reference made a part hereof;
- 1.1.5 The goodwill of Seller's Business;

- 1.1.6 Any and all of Seller's contracts, prepaids, materials, and the rights and privileges arising from its unfinished orders, prepaid expenses, customer contracts, customer list, outstanding offers, sales records, advertising materials and all agreements for the sale, purchase or lease of goods or services and all other contracts, agreements, assets and things of value now beneficially owned or acquired by Seller at or before the Closing, whether tangible or intangible, real or personal, inchoate, partial or complete, fixed or contingent, of every kind and description and where ever situated.
- 1.1.7 All of Seller's permits, licenses, governmental approvals, proprietary intellectual property rights, proprietary knowledge, software, trademarks, servicemarks and logos, and all copyrights relating to or associated with the Seller's Business including those set forth in Schedule 1.1.7;
- 1.1.8 All prepaid expenses of Seller;
- 1.1.9 The business telephone number(s) and facsimile number(s) of Seller;
- 1.1.10 All rights, titles, and interests of Seller in and to:
 - 1.1.10.1 The oil, gas, and mineral leases described in Schedule 1.1.10.1 hereto (the "Leases"); and
 - 1.1.10.2 The wells described in Schedule 1.1.10.2 hereto, including:
 - (i) Without limitation of the foregoing, all other rights, titles and interests (of whatever kind or character, whether legal or equitable, and whether vested or contingent) of Seller in and to the oil, gas and other minerals in and under or that may be produced from the lands and depths described in Schedule 1.1.10.1 hereto or described in or covered by any of the Leases described in Schedule 1.1.10.1 hereto (including, without limitation, interests in oil, gas and/or mineral leases covering such lands and depths, overriding royalties, production payments and net profits interests in such lands and depths or such leases, and fee mineral interests, fee royalty interests and other interests in such oil, gas and other minerals), even though Seller's interest in such oil, gas and other minerals may be incorrectly described in, or omitted from, such Schedule 1.1.10.1; and
 - (ii) All rights, titles, and interests of Seller in and to, or otherwise derived from, all presently existing and valid oil, gas, and mineral unitization, pooling, and communitization agreements, declarations, and orders (including, without limitation, all units formed under orders, rules, regulations, or other official acts of any federal, state, or other authority having jurisdiction, and voluntary unitization agreements, designations, and declarations) relating to the properties described in this paragraph 1.1.10, to the extent such rights, titles, and interests are attributable to the properties described in this paragraph 1.1.10;

- 1.1.11 All rights, titles and interests of Seller in and to all presently existing and valid production sales contracts, operating agreements, and other agreements and contracts that relate to any of the properties described in paragraph 1.1.10, to the extent such rights, titles, and interests are assignable and attributable to the properties described in paragraph 1.1.10;
- 1.1.12 All rights, titles, and interests of Seller in and to all rights-of-way, easements, surface leases, permits, and licenses appurtenant to the Assets;
- 1.1.13 All rights, titles and interests of Seller in and to all materials, supplies, machinery, equipment, improvements, and other personal property and fixtures (including, but not limited to, wellhead equipment, pumping units, flowlines, tanks, buildings, injection facilities, saltwater disposal facilities, compression facilities, gathering systems, and other equipment) located on the properties described in paragraph 1.1.10 and 1.1.11;
- 1.1.14 All of Seller's lease files, title opinions, abstracts and other title information, production records, well files, accounting records (but not including general financial accounting or tax accounting records), and surveys, electric logs, and records and other files, documents and records which directly relate to the properties described above (the "Records"). Notwithstanding the foregoing, Seller shall not be required to deliver to Purchaser geologic or seismic materials or materials that Seller legally cannot provide to Purchaser without breaching, or risking a breach of, confidentiality or proprietary agreements with other parties;

The properties and interests specified in paragraphs 1.1.10, 1.1.11, 1.1.12, 1.1.13 and 1.1.14 are herein sometimes individually referred to as "Property" and collectively as the "Properties".

- 1.1.15 The real estate for the Seller's current facility located at _____ Hopkins County, Kentucky, more particularly described in Schedule 1.1.14 (hereinafter referred to as the "Hopkins Facility");
- 1.1.16 All rights and interest, share of capital stock and membership interest in Sterling Gas Storage, LLC, a Kentucky limited liability company, and Black Diamond Coal Company, a Kentucky corporation;
- 1.1.17 All rights, titles and interest in the White Plains Storage field facility, Hopkins County, Kentucky and Muhlenberg County, Kentucky and the gas inventory and equipment related thereto (the "White Plains Storage Field").

Notwithstanding the foregoing enumeration of assets, it is the purpose and intent of Purchaser and the Seller that Purchaser is acquiring and the Seller is selling any and all assets, property, rights and interest not specifically identified on Schedule 1.2, whether hereinbefore enumerated, described or otherwise alluded to, used or usable by the Seller in the conduct of the Business; provided, however, that in no event shall the purchase price to be delivered by Purchaser on the Closing Date or thereafter (provision for which is made hereinbelow) be included as an asset being acquired by or sold to Purchaser pursuant to the terms of the within Agreement.

1.2 Excluded Assets. Notwithstanding the foregoing, the Assets shall not include the assets described and set forth on Schedule 1.2 attached hereto and made a part hereof.

1.3 Assumption of Liabilities. Purchaser shall not assume any liabilities or obligations of Seller, except for those specifically set forth in Schedule 1.3, attached hereto and made a part hereof, and Seller shall remain responsible for such liabilities and obligations and shall discharge and pay the same on a timely basis and in a manner as to maintain all goodwill and to avoid any late fees, interest or service charges, or dissatisfaction by creditors. Purchaser is accepting and assuming the liabilities and obligations set forth in Schedule 1.3 as of the Closing. It is agreed that Purchaser is not undertaking, and in no event shall be deemed to have obligated itself, to assume, pay, discharge or become obligated in respect of any obligation or liability of the Seller, including, but not in limitation of the generality of the foregoing:

- 1.3.1 any claim, cost, charge, expenses, liability or obligation arising out of any act or failure to act, or any product sold or service performed, by the Seller prior to the Closing;
- 1.3.2 except as set forth in Schedule 1.3, any account payable, trade payable or other obligation of the Seller;
- 1.3.3 except as set forth in Schedule 1.3, any of the Seller's liabilities or obligations for interest bearing debt, borrowed money or capital leases;
- 1.3.4 any liabilities or obligations incurred by Seller in connection with this Agreement and the transactions contemplated herein;
- 1.3.5 any occurrence or circumstance (whether known or unknown) which occurs or exists prior to the time of Closing and which constitutes, or which by the lapse of time or delivery of notice (or both) would constitute, a breach or default under any lease, contract or other instrument or agreement of Seller;
- 1.3.6 any injury (physical or otherwise) to or death of any person or damage to or destruction of any property, whether based on negligence, invasion of privacy, breach of warranty, product liability, strict liability or any other theory arising, in any way, out of the operation of Seller's business prior to Closing;
- 1.3.7 any violation of the requirements of any governmental authority or of the rights of any third person, including, without limitation, requirements relating to the reporting or payment (or both) of federal, state, local or foreign income, property or other taxes;
- 1.3.8 to the extent arising in any way out of the operation of Seller's business prior to Closing, any claim, liability or obligation relating to any collective bargaining agreements or other contracts or agreements for the employment of any officer, individual, employee or group of employees, for the payment of any vacation pay, severance pay, or for the furnishing of any group insurance benefits, profit sharing benefits, pension or other employee benefits, or any employment policy relating to payment upon dismissal or termination of employment, including without limitation, with respect to any employee of Seller not hired by Purchaser after Closing; or
- 1.3.9 any liability, obligation, or penalty resulting from a violation of or noncompliance with any law, judgment, order, decree, regulation or rule of any court or governmental authority arising, in any way, out of the operation of Seller's business prior to Closing.

1.4 Employees. Purchaser shall be under no obligation to employ any employee of Seller, and Purchaser shall not assume any liability or obligation for employees of Seller. Seller shall pay all wages, including, without limitation, all accrued vacation pay, and all benefits under all employee benefit plans due and owing to its employees up to and including the Closing. Seller shall retain responsibility for all liabilities and obligations relating to its employees.

ARTICLE II PURCHASE PRICE

2.1 Purchase Price. Subject to adjustment as hereinafter provided for in Section 9.2, the total purchase price for all of the Assets of the Seller shall be One Million Two Hundred Thousand Dollars (\$1,200,000.00) (the "Purchase Price"), which sum shall be paid by Purchaser to Seller as follows:

- 2.1.1 Ten Thousand Dollars (\$10,000) of the Purchase Price is acknowledged by the Seller to have been received; and
- 2.1.2 Nine Hundred Ninety Thousand and 00/100 Dollars (\$990,000.00) of the Purchase Price by wire transfer of federal funds or a cashier's check at the Closing (hereinafter defined); and
- 2.1.3 One Hundred Thousand Dollars (\$100,000) to be paid to the escrow agent to be held in accordance with the Escrow Agreement in the form of Exhibit 2.1.3 (the "Escrow Agreement"); and
- 2.1.4 One Hundred Thousand Dollars (\$100,000) of the Purchase Price by wire transfer of federal fund or a cashier's check on or before December 15, 2005,

2.2 Allocation of Purchase Price Paid. The parties hereto agree that the total Purchase Price shall be allocated by the Purchaser on the form 8594 as required by section 1060 of the Internal Revenue Code. Seller agrees to make all tax reportings consistent with the allocation reported by Purchaser.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

The Seller warrants and represents to Purchaser, **with** the knowledge that Purchaser is relying upon such representations and warranties, and all of which **are** made to Purchaser for the purpose of inducing Purchaser to enter into and execute this Agreement and Purchaser shall be entitled to rely thereon notwithstanding any investigation it may cause to be made into the Business **and** affairs of Seller, and all **of** which shall be true and correct in all respects **as** of the Closing, **as** follows:

3.1 Corporate Organization. The Seller is a corporation duly organized, validly existing and in good standing, under the laws of Kentucky, and has **full** power and authority to **carry** on its Business as it is now being conducted and to own, or hold under lease, the properties **and** Assets it now **owns** and holds under lease, and is duly qualified to do business and is in good standing in those states or other jurisdictions whereby qualification as a foreign corporation is required.

3.2 Authorization. The execution, delivery and performance of this Agreement by the Seller, including, without limitation, the sale, conveyance, transfer and delivery contemplated hereby, have been duly and effectively authorized by the Board of Directors of the Seller, all as required by law, is not in contravention of any agreement to which the Seller is a **party** or by which it is bound, and the Seller is fully authorized to execute this Agreement and to perform the terms and provisions hereof, and this Agreement is valid **and** enforceable against the Seller in accordance **with** its terms.

3.3 Title to Properties; Condition of Assets. As of the date hereof the Seller, has good and marketable title to all of the Assets; free and clear of all liens, claims, charges, security interests, options or other title defects or encumbrances, and no claims have been made or threatened which, if substantiated, would make the aforesaid warranty untrue. All personal property taxes and any and all other levies imposed upon or in respect of the Assets due and payable as of and prior to the date hereof, have been paid in full. Except for the Hopkins Facility, as described in Schedule 1.1.15, and the Leases, as disclosed in Schedule 1.1.10, Seller does not own any real property or any interest in any real property.

Any and all Assets, as set forth in Section 1.1 of this Agreement, of Seller being sold and purchased or transferred hereunder are in an "AS IS" operating condition, and are merchantable and not obsolete. Neither the Seller nor any of its officers, directors, or shareholders have received any notice of violation of any applicable zoning regulation, ordinance or other law, order, regulation or requirement, including those issued under or pursuant to the Occupational Safety & Health Act ("OSHA") or the Environmental Protection Agency ("EPA") or any other similar law or regulation, relating to operation by the Seller of the Assets which has not been complied with or corrected.

3.4 Outstanding Agreements. Schedule 3.4 is a complete list of all of the contracts, agreements, leases, easements, rights-of-way, mortgages, notes, written purchase orders, or any other obligations or commitments, written or oral, in which Seller is a party or by which Seller is bound, pertaining to Seller, the Assets or Business (collectively the "Contracts"), with an indication of whether or not such Contract is being assumed by Purchaser hereunder. Seller is not a party to and is not bound by any contract or agreement which may materially adversely affect the Business, the Assets, operation or condition. financial or otherwise, of Seller or the prospects of Purchaser in its purchase and use of the Assets or its operation of the Business. True and correct copies of each of the Contracts have been furnished or made available to Purchaser. Each of the Contracts being assumed by Purchaser hereunder contains the entire agreement of the parties thereto, with respect to the subject matter thereof, is in full force and effect, and is valid and enforceable in accordance with its terms (subject to bankruptcy, insolvency, reorganization, moratorium or similar laws generally affecting the rights of creditors and subject to general equity principles). No party is in material default under any of the Contracts. Except as noted on Schedule 3.4, all of the Contracts shown as being assigned to Purchaser are assignable to Purchaser without the consent or approval of other parties or, if such approval is required; Seller shall obtain such approval prior to the Closing.

3.5 Liabilities. Seller is not in default with respect to any term or condition of any liability set forth in Schedule 1.3, and is not, directly or indirectly, liable upon or with respect to (by discount, repurchase agreement or otherwise), or obligated in any way to provide funds in respect of, or to guaranty or assume any debt, obligation or dividend, of any person, firm or corporation.

3.6 Financial Information. Seller has furnished Purchaser the financial statements of Seller for the year ending December 31, 2004 and for the month ending June 30, 2005 (collectively hereinafter referred to as the "Financial statements"). The Financial Statements: (i) are in accordance with the books and records of Seller; (ii) present fairly the financial position of Seller and its Business and the results of operations and changes of financial position for the periods therein specified; (iii) are correct and complete; and (iii) have been prepared in accordance with generally accepted accounting principles on a basis consistent with prior accounting periods. Except as otherwise disclosed in this Agreement or a Schedule hereto, Seller's Financial Statements, books of account, returns, reports, and records as of the Closing reflect all items of income and expense, and all of Seller's assets, liabilities and accruals.

3.7 Absence of Undisclosed Liabilities. There are no material liabilities of Seller which have not been disclosed in the Financial Statements or this Agreement or the Schedules attached hereto which could materially and adversely affect the Assets or Business. There is no basis for the assertion against

Seller of any liability of any nature or in any amount which is not fully reflected or reserved against in the Financial Statements or disclosed in this Agreement or the Schedules attached hereto.

3.8 Effect on Debts and Obligations. Except for those liabilities set forth in Schedule 1.2, the Seller will not at the date of Closing have any debt, liability or obligation, accrued, absolute, contingent or otherwise, whether due or to become due, which by reason of the closing of the transactions contemplated hereby will or may become the debt, liability or obligation of Purchaser. All debts, liability and obligations of the Seller shall be timely paid by the Seller and shall not cause or create any liability or obligation to the Purchaser.

3.9 Operation of Business. Since January 1, 2005, Seller has operated its Business in the normal and usual manner consistent with past practices and with the normal and ordinary operation of similar businesses, and in compliance with all applicable laws, rules and regulations of any governmental authority or entity; and since that time there has not been any material adverse change in the Business, financial condition or results of operation of the Business of Seller.

3.10 No Violation; No Consents. Except with respect to the required consent of the Public Service Commission of Kentucky, Seller has taken, or will have taken, prior to Closing all necessary or appropriate action to enable it to enter into, execute, deliver and perform this Agreement and the transactions contemplated hereby. The execution and the performance of this Agreement, and the consummation of the transactions contemplated hereby, will not: (i) violate any provision of the Articles of Incorporation or By-Laws of Seller; (ii) violate or result in the breach of any term or provision of or constitute a default or accelerate maturities under any loan or any other similar agreement, instrument, indenture, mortgage, deed of trust, or other restriction to which Seller is a party or by which any of the properties of Seller is bound; (iii) violate or result in a breach of any term or provision of or constitute a default or accelerate the terms of any right of first refusal agreement or any other similar agreement to which Seller is a party or by which any of the Assets of Seller is bound; or (iv) cause or permit any third party to cause any material contract to which Seller is a party and which Purchaser is assuming to be canceled or otherwise modified.

3.11 Effect on Contracts and Leases. Neither the execution hereof nor the carrying out of any of the transactions contemplated hereby constitutes, or with a lapse of time and/or the giving of notice will constitute a default under any of the Contracts or Leases or will enable any party thereto to accelerate the burden of performance required of Purchaser or to terminate any Contract or Lease.

3.12 Judgments and Liens. There are no unsatisfied judgments or liens against or, to the knowledge of the Seller, threatening the Assets to be transferred hereunder (except for liens which will be fully discharged and released at the time of Closing), and, except with respect to the litigation identified in paragraph 7.1.8 hereof, there is no litigation, proceeding or investigation pending or, to the knowledge of the Seller, threatened against Seller or its Business which might result in any adverse change in Seller's Business or the condition thereof or its properties, or which may affect Seller's right or ability to perform and carry out fully its obligations hereunder, or which may have an adverse effect on the operations of the Business, Assets, condition (financial or otherwise) or prospects of Purchaser in its purchase and use of said Assets or its operation of the Business.

3.13 Patents, No Infringement. Except as set forth in Schedule 1.1.7, Seller has no patents, trademarks, trade names, copyrights or applications therefore, nor any licenses, permits, governmental approvals, assignments or agreements with others relating thereto. Seller is not infringing upon any trademark, service mark, logotype or other proprietary or similar right.

3.14 Inventories. The inventories of Seller consist of items of quality and quantity useable or saleable in the normal course of the Business of Seller; there are no materials of below standard quality;

and the values at which such inventories are carried on the books of the Seller reflect the normal inventory valuation policy of the Seller, all in accordance with generally accepted accounting principles, consistently applied.

3.15 Litigation and Investigation. Except with respect to the matter to be dismissed and described in paragraph 7.1.8, there are no investigations by any governmental agency pending, or to the best knowledge of Seller, threatened against or adversely affecting the Seller, the Assets, or the Business, and there is no action, suit, proceeding or claim pending, or to the knowledge of the Seller, threatened against the Seller, or the Assets or the Business, which might have a material adverse effect on the Seller, or otherwise affecting the transaction contemplated by this Agreement, nor is there any basis known to the Seller for any such action, suit, proceeding, investigation or claim. There is no outstanding order, writ, injunction or decree of any court, government, or governmental agency against or affecting the Seller, or the Assets or the Business.

3.16 Approvals or Consents. Except for the approval by the Public Service Commission of Kentucky, no consent, approval or authorization of any governmental authority or agency or any other third party on the part of Seller is required in connection with this Agreement and the consummation of the purchase of the Assets hereunder by Purchaser as provided far herein; and the consummation of the transactions contemplated will not result in any violation of or be in conflict with any agreement or contract to which Seller or any shareholder is a party, or any judgment, decree, order, statute, rule or regulation of any governmental authority having jurisdiction with respect to the subject matter hereof.

3.17 Taxes. Seller has timely filed all federal, state, local and other tax returns and reports which are required to be filed by Seller, and all such returns or reports are true and correct, and Seller has paid all monies shown to be due and payable on any such return and report.

3.18 Compliance with Laws. Seller has complied in all respects with all federal, state and local laws, rules, regulations, orders and ordinances pertaining to the Seller, the Assets or the conduct of its Business. The consummation of the transaction contemplated hereunder shall not violate any applicable federal, state and local law, rule, regulation, order or ordinance.

3.19 Customers and Suppliers. Schedule 3.19 sets forth a list, which list, in conjunction with those customers and suppliers set forth in Schedule 3.4, includes, without limitation, all of Seller's customers with whom Seller has done business within the past twelve months. No customer or supplier of Seller has indicated to Seller that it intends to terminate or materially modify its relationship with Seller prior to or after the Closing. Seller has not engaged in any forward selling or granted any unusual sales or terms of sale to any customer, and there are no customer prepayments or deposits, except to the extent disclosed in Schedule 3.19 and/or Schedule 3.4 hereto.

3.20 Validity of Agreements. This Agreement and the transactions contemplated hereby have been, or shall have been prior to Closing, duly authorized and approved by the Board of Directors and all the shareholders of Seller, and this Agreement has been duly executed and delivered by Seller and is a legal, valid and binding obligation, enforceable in accordance with its terms on Seller. Except for the approval by the Kentucky Public Service Commission, no other proceedings are necessary to authorize this Agreement and the transactions contemplated hereby, or the performance or compliance by Seller with any of the terms, provisions or conditions thereof.

3.21 Conditions Affecting Seller. There are no conditions existing with respect to Seller's markets, products, facilities, personnel or raw material supplies which, so far as Seller can now reasonably foresee, could be expected to materially and adversely affect the Assets, the Business or business prospects of Seller, other than such conditions as may affect the industry in which Seller participates as a whole.

3.22 No Misrepresentations or Omissions. None of the information contained in the warranties and representations of the Seller set forth in this Agreement, or in any of the certificates, lists, documents, Schedules or other instruments delivered or to be delivered to Purchaser, as contemplated by any provision of this Agreement contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained herein and therein not misleading. There is no material fact known to Seller which has not been disclosed by the Seller to Purchaser which will materially adversely affect the business operations, the Assets or use of the Assets being transferred hereunder.

3.23 Employment and Labor Matters. Seller has not entered into any employment contract with any individual or with any labor organization and has complied with all applicable state and federal employment laws. There are no controversies pending or, to the best of knowledge of Seller, threatened between Seller and any of its employees, including, without limitation, any claims of unfair labor practices, or threats of filing any such claims with the National Labor Relations Board. All employee benefit plans providing any benefits to employees of Seller, including any retirement, welfare, pension, profit sharing, disability or other similar type plans are set forth on Schedule 3.23 which is attached hereto and by this reference made a part hereof, and all such plans are in compliance with all applicable laws. With respect to such plans, Seller has made and will make all required contributions, and there is not now nor shall there be an unfunded past or future service liability for which Purchaser or the Assets transferred hereunder may be liable or subject. For the purposes of this Agreement "employee benefit plans" shall include all those plans as defined in Section 3(3) of ERISA ("ERISA" means the Employee Retirement Security Act of 1974, as amended).

3.24 Services Provided Issues. There is no alleged or actual defect, incomplete, negligent, or other failure to comply with any Environmental Law, or hazard relating to any service performed or provided by the Seller or any alleged or actual failure to warn of any of the foregoing, on any service (or component thereof) which has been provided or performed by the Seller. There has not been any occurrence involving any service performed or goods provided by the Seller that would require additional follow up services to complete or correct mistakes, unfinished or incorrectly performed or provided service or good by the Seller.

3.25 Burdensome Agreements. To the best knowledge of Seller, the Business, the Assets, the Seller, is a party to any agreement, the performance of which by the Business in accordance with said agreement's terms, could reasonably be expected to have a Material Adverse Effect.

3.26 Environmental Liability. There has been no occurrence, or any facts as to any occurrence, which may give rise to a claim or litigation for personal injury or property damage, or which may or could result in the imposition or assessment of any civil or criminal liability, on account of odors, air emissions, solvent leakage, or the handling or disposal of Hazardous Material or wastes by Seller or any predecessor in interest. Further, Seller warrants and represents that (i) the Business and the Assets comply and have complied with all applicable Environmental Laws, and possess and comply with and have possessed and complied with all Environmental Permits; (ii) to the knowledge of the Seller, there are and have been no Hazardous Materials at any property owned, leased, operated, or otherwise used by the Business now or in the past, or at any other location, in conditions or concentrations that could give rise to any liability to the owner of the Business or the Assets or result in costs to the owner of the Business or the Assets arising out of any Environmental Law; (iii) to the knowledge of the Seller, there are no past, present, or anticipated future events, conditions, circumstances, practices, plans, or legal requirements that could be expected to prevent, or materially increase the burden on the owner of the Business or the Assets of complying with any Environmental Law applicable to the Business or the Assets or obtaining, renewing, or complying with any Environmental Permit required under such laws; and (iv) the Seller has provided to Purchaser true and complete copies of all Environmental Reports in Seller's possession or control.

3.27 Permits. All permits, licenses, approvals and governmental authorizations required for the conduct of the Business of Seller are set forth on Schedule 3.27, which is attached hereto and by this reference made a part hereof. No claim is pending or threatened to revoke any of said permits or to declare them invalid in any respect. There are no additional permits necessary for the conduct of the Business of Seller as now conducted.

3.28 Shareholder Approval of this Agreement and Voting at the Shareholders' Meeting. All the shareholders have approved this Agreement and the transaction contemplated hereby and further agrees to execute an unanimous written consent or vote at a meeting called therefore all shares of voting capital stock and warrants owned or controlled by him in favor of the approval of this Agreement and the transactions contemplated thereby.

3.29 Successor Liability. With respect to the consummation of the transactions contemplated by this Agreement, there has been no occurrence, to the knowledge of Seller of any facts as to any occurrence, which does, could or may result in the imposition of any successor liability upon Purchaser under any law.

3.30 No Conflict. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, nor the compliance with or fulfillment of the terms and conditions hereof, will violate, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default or violation or result in the termination of: (i) any contract, agreement, arrangement or undertaking to which Seller is a party or by which it may be bound; (ii) any governmental license, permit or approval of the Seller, (iii) the Articles of Incorporation or By-laws of the Seller, or any amendments thereto; or (iv) any federal, state or local law, statute, act, regulation or governmental order.

3.31 Consistent Operations. Between the Signing Date of this Agreement and the Closing: (i) Seller shall continue carry on its operation of the Business on the same basis as it has carried on prior to the Signing Date and in the normal and ordinary course; (ii) Seller shall assure that there will be no change in the normal basis of accounting of the Seller from that applied by Seller prior to the Signing Date; and (iii) Seller shall assure that there will be no sale or purchase of assets by the Seller other than in the normal and ordinary course of business.

3.32 Sophisticated Seller. Seller has such experience in business and financial affairs to be independently capable of evaluating the risks and merits of the transactions contemplated herein.

3.33 Representation by Legal Counsel. Seller has been advised by legal counsel in connection with the negotiation, execution and delivery of this Agreement and the performance of the transactions contemplated hereby and thereby.

3.34 No Brokerage. No broker or other person or entity who would be entitled to any brokerage fee or commission in respect to the execution of this Agreement or the consummation of the transactions contemplated hereby has been engaged.

3.35 Zoning. All facilities and/or sites, whether owned, leased or utilized in any way by the Business of the Seller, is zoned by applicable municipal authorities to permit the conduct of the Business operated by the Seller thereon.

3.36 Affiliates. Except Sterling Gas Storage, LLC, a Kentucky limited liability company and Black Diamond Coal Company, a Kentucky corporation, Seller has no Affiliates or related Companies or businesses.

3.37 Current Payment. All payments (including, without limitation, delay rentals, royalties, shut-in royalties and valid calls for payment or prepayment under operating agreements) owing under each of the Leases have been and are being made by Seller timely, and before the same became delinquent. Where the non payment of such payments by a third party could materially adversely affect the ownership, operation, value or use of a Property after the Effective Date, such payments have been and are being made by such third parties. For the purposes of the representations contained in this subsection (and without limitation of such representations), the non-payment of an amount, or non-performance of an obligation, where such non-payment, or non-performance, could result in the forfeiture or termination of rights-of-Seller under a Material Agreement. shall be considered material.

3.38 Absence of Commitments. Except as set forth in Schedule 3.38, (i) Seller has incurred no expenses, and has made no commitments to make expenditures and Seller has not entered into any agreements that would obligate it to make expenditures, in connection with the ownership or operation of the Assets after the Effective Date, other than routine expenses incurred in the normal operation of the Assets, and (ii) since January 1, 2005, Seller has not abandoned any wells included in the Properties. All items of equipment listed on Schedule 1.1.1 remain on the Properties, except those replaced by items of equal suitability and value. There are no proposals currently outstanding (whether made by Seller or by any other party) to drill additional wells. or to deepen, plug back, or rework existing wells, or to conduct other operations for which consent is required under the applicable operating agreement, or to conduct any other operations other than normal operation of existing wells on the Properties, or to abandon any wells, on the Properties.

3.39 Production Contracts. There exist no agreements or arrangements for the sale of production from the Properties (including without limitation, calls on, or other rights to purchase, production, whether or not the same are currently being exercised) other than (i) production sales contracts disclosed on Schedule 3.39, (ii) agreements or arrangements which are cancelable on 60 days notice or less without penalty or detriment, and (iii) calls on. or other rights to purchase production, which Seller acquired one or more Properties subject to and which neither (A) individually, or in the aggregate, affect a material part of the production of oil or gas from the Properties, nor (B) grant an option to purchase production at a price other than a price that is the market price from time to time existing in the areas where the Properties, respectively, which are subject to such call (or other right to purchase) are located.

3.40 Failure to Obtain Consent to Assignment or Transfer of Assets. If any of the assumed contracts in Schedule 1.3 or other assets or rights included in the Assets may not be assigned and transferred by Seller to Purchaser (as a result of either the provisions thereof or applicable law) without the consent or approval of a third party, Purchaser and Seller shall continue to use commercially reasonable efforts to obtain the necessary consent or approval as soon as practicable after the Closing. Upon obtaining such consent or approval, Purchaser and Seller shall execute such further instruments of conveyance (in substantially the form executed at the Closing) as may be necessary to assign and transfer such assumed contracts and/or other assets or rights to Purchaser. From and after the Closing until the assignment of each such assumed contract, asset or right, Seller shall hold such rights under the assumed contracts, assets or other rights in trust for Purchaser and shall provide Purchaser with all of the benefits thereof, and shall take all such action necessary or proper in order that such contract rights, assets or other rights of Purchaser are preserved, and Purchaser shall perform and fulfill, on a subcontract basis, the obligations of Seller to be performed under such assumed contracts, and Seller shall promptly remit to Purchaser all payments received by it under such assumed contracts for services performed during such period.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF PURCHASER

The Purchaser herewith warrants and represents to Seller, as follows:

4.1 Organization. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Kentucky and has full power and authority to carry on business in the State of Kentucky.

4.2 Authorization. Purchaser has full company power and authority to enter into this Agreement and to carry out the transactions Contemplated hereby. The Board of Directors and shareholders of the Purchaser have duly authorized the executions and delivery of this Agreement and the transaction contemplated hereby.

4.3 No Violation. Purchaser is not subject to or obligated under any articles of organization, bylaw: law, operating agreement or any other agreement or instrument, or any license, franchise or permit, which would be breached or violated by its execution, delivery or performance of this Agreement. Purchaser will comply with all laws in connection with its execution, delivery and performance of this Agreement and the transaction Contemplated hereby.

4.4 No Brokerage. Except for Howard Nevins and/or Trey Exploration, Inc., no broker or other person or entity who would be entitled to any brokerage fee or commission in respect to the execution of this Agreement or the consummation of the transactions contemplated hereby has been engaged.

ARTICLE V COVENANTS OF SELLER

Seller agrees that pending the consummation of the transaction on the Closing, and except as otherwise consented to or approved in writing by Purchaser, the Seller will conduct the Business of the Seller in the ordinary course, and that except as otherwise provided for herein, or with the prior written consent of Purchaser, the Seller will make no purchase or sell or introduce any method of management or operation in respect of the business of the Seller or its Assets or liabilities, or engage in any activity or transaction, except in a manner consistent with prior practice. In furtherance of the foregoing covenants and agreements, and not in limitation of the generality thereof, the Seller covenants and agrees that between the date hereof and the Closing, the Seller will cause the following to be true and accurate:

5.1 Investigations. Seller shall continue to give Purchaser and its respective employees, accountants, attorneys and other authorized agents and representatives full access during all reasonable times to the premises, properties, books and records (including, without limitation, all corporate minute books and stock transfer records) of Seller, and to furnish Purchaser with such financial and operating data, analyses and other information of any kind respecting the Business and properties of Seller as Purchaser shall from time to time reasonably request, including, but not limited to, the work papers of Seller's accountants. Any investigation shall be conducted in a manner which does not unreasonably interfere with the operation of Seller's Business. In the event of the termination of this Agreement, Purchaser shall return to Seller all documents, work papers and other materials obtained from Seller in connection with the transactions contemplated hereby, and shall use all reasonable efforts to keep confidential any information obtained in any investigation, unless such information is readily ascertainable from public or published information or trade sources. No investigation conducted under this Section 5.1 shall affect or be deemed to modify any representation or warranty made pursuant to this Agreement.

5.2 Conduct of Business in the Ordinary Course. Seller shall conduct its Business only in the ordinary course. By way of amplification and not limitation, except as otherwise provided herein, Seller shall not, without the prior written consent of Purchaser:

- 5.2.1 issue or cause to be issued any stock, or any options, warrants, or other rights to subscribe for or purchase any stock, or any securities convertible into or exchangeable for stock of Seller;
- 5.2.2 directly or indirectly redeem, purchase or otherwise acquire any stock of Seller;
- 5.2.3 effect a split, reverse split, reclassification or other change of any stock, or other reorganization or recapitalization;
- 5.2.4 amend its Articles of Incorporation or Bylaws;
- 5.2.5 grant any increase in the compensation payable or to become payable to its officers or salaried employees (including any salary, bonus, insurance, pension or other benefit plan, payment or arrangement made to, for or with any of such officers or employees) except in the ordinary course of business and consistent with prior practices or existing policies;
- 5.2.6 borrow or agree to borrow any amount of funds; directly or indirectly guarantee or agree to guarantee any obligations of others; or, except in the ordinary course of business, incur any obligation or liability;
- 5.2.7 enter into any material agreement, contract or commitment which, if entered into prior to the date of this Agreement, would be required to be listed on a Schedule delivered to Purchaser pursuant to the terms of, or in connection with, this Agreement, or modify, amend or terminate any agreement required to be listed in any such Schedule;
- 5.2.8 except in the ordinary course of business, place or suffer to exist on any of the assets or properties of Seller any mortgage, pledge, lien, charge or other encumbrance;
- 5.2.9 except in the ordinary course of business, cancel any material indebtedness owing to Seller or any claims which Seller may have possessed, or waive any material rights of substantial value, or discharge or satisfy any material noncurrent liabilities;
- 5.2.10 except in the ordinary course of business, sell or otherwise dispose of any of its material assets;
- 5.2.11 commit any act or omit to do any act which would cause a material breach of any agreement, contract or commitment which is listed on a Schedule delivered to Purchaser pursuant to the terms of, or in connection with, this Agreement, or which would have a material adverse effect on the Business, financial condition or earnings of Seller;
- 5.2.12 fail to pay, or to make provisions adequate for the payment of, all taxes (current or deferred), interest payments and penalties (whether or not reflected in its returns as filed) due and payable (and/or accruable for all periods to the Closing, including that portion of its fiscal year to and including the Closing) to any city, county, state, foreign country, the United States or any other taxing authority;

- 5.2.13 maintain its property and Assets in their present state of repair, order and condition, reasonable wear and tear and damage by fire or casualty excepted;
- 5.2.14 not enter into any employment contract or agreement which is not terminable upon thirty (30) days notice and without penalty, cost, charge or other premium in respect of such cancellation;
- 5.2.15 use its best efforts to preserve its business organization intact, to keep available to Purchaser the services of its present employees, and to preserve for Purchaser the relationship with its suppliers, customers, employees and others with whom the Seller has business relationships.

5.3 **Representations and Warranties.** Seller will not cause or permit any of Seller's representations and warranties made in this Agreement, including, without limitations, Seller's representations and warranties contained in Article III of this Agreement, to be untrue or incomplete on the Closing or at any time prior thereto.

5.4 **Publicity.** Except as required by applicable law, without the prior written consent of Purchaser, Seller shall not disclose or publish, or permit the disclosure or publication of, any information concerning the execution and delivery of this Agreement, or the transactions contemplated by this Agreement, to any third party.

5.5 **Notification of Certain Matters.** Seller shall promptly notify Purchaser of the occurrence of any fact or event that would reasonably be expected to: (a) cause any representation or warranty of Seller contained in this Agreement to be untrue if made after the occurrence of such fact or event; (b) cause any covenant or agreement by Seller hereunder not to be complied with; or (c) cause a material adverse effect on the Assets or the Business of the Seller.

ARTICLE VI SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

6.1 **Survival of Representations and Warranties.** All representations and warranties of Seller contained in this Agreement and any Schedule or document delivered pursuant hereto shall (i) shall survive, subject to the limitations in Section 6.4, the consummation of the transactions contemplated herein and the delivery and conveyance of the Assets hereunder, and (ii) shall remain effective, subject to the limitations in Section 6.4, regardless of any investigation at any time made by or on behalf of Purchaser or of any information Purchaser may have with respect thereto.

6.2 **Indemnification by the Seller.** Seller shall indemnify and hold Purchaser and its Affiliates harmless from and against, and agrees to defend Purchaser, its officers, directors, shareholders, attorneys and agents, and its affiliates and their respective officers and directors, from any claims and reimburse Purchaser for, any and all losses, damages, costs, expenses, liabilities, judgments, demands, settlements, actions, causes of action, obligations and claims of any kind, including, but not by way of limitation, attorneys' fees, paralegal fees and other costs and expenses (hereinafter collectively referred to as "Losses"), which Purchaser may at any time suffer or incur, or become subject to, as a result of or in connection with:

- 6.2.1 any misrepresentation, breach of warranty or breach of any agreement by Seller in connection with the transactions contemplated hereby;

- 6.2.2 any misrepresentation in or omission from any certificate or other instruments furnished by the Seller to Purchaser hereunder or in connection with the transactions contemplated hereby;
- 6.2.3 Any and all Losses for personal injury or property damage or breach of contract or similar injuries or damages alleged, prior to and after the Closing, by any person or entity against Purchaser as a result of a claim of negligence, strict product liability, breach of contract, breach of warranty of any type or of any other similar cause of action with regard to any inventory or products sold, designed, manufactured or installed, any contract or agreement entered into by the Seller, or service, repair or any other type of work performed by Seller prior to the Closing;
- 6.2.4 any and all liabilities or obligations of Seller not specifically assumed by Purchaser under this Agreement;
- 6.2.5 any noncompliance by Seller with any bulk sales or transfer laws;
- 6.2.6 any and all Losses arising out of or in any way connected with the operation of the Seller's Business prior to the closing;
- 6.2.7 any and all Losses arising out of or incidental to bringing an action or otherwise required to enforce indemnification under this Article VI.

6.3 Indemnification by the Purchaser. From and after the Closing, Purchaser shall defend, indemnify and hold Seller harmless against and in respect of:

- 6.3.1 Any and all loss, damage or deficiency resulting to Seller from any misrepresentation, breach of warranty or breach of any agreement by Purchaser contained in this Agreement, or from any misrepresentation in or omission from any certificate or other instruments furnished by Purchaser to Seller hereunder or in connection with the transactions contemplated hereby;
- 6.3.2 Any and all actions, suits, proceedings, demands, assessments, judgments, settlements, costs and expenses incident to any of the foregoing, including without limitation, accounting and legal fees, resulting from any claims, demands, suits or investigations arising out of any such misrepresentations, breach of warranty or nonfulfillment of any agreement mentioned in clause 6.3.1, next above.

6.4 Survival. This indemnification provided for in this Article VI shall survive the closing and shall remain in force and effect after the Closing of the transaction contemplated hereby for a period of eighteen (18) months; provided, however, the representations and warranties contained in 3.3, 3.17, 3.23 and 3.26 and Fraud Claims shall survive in accordance with the applicable statute of limitations related to such representations and warranties or such Fraud Claims. Any claim for indemnification needs to be provided in writing in accordance with Section 6.5 hereof prior to the expiration of the said eighteen (18) month period or such applicable statute of limitations, or such Indemnification claim shall expire and is barred. For the purposes of this Agreement, "Fraud Claims" means all allegations or allegations that a party to this Agreement had an intent to defraud or made a willful or intentional misrepresentation or willful omission of a material fact in connection with this Agreement and the transactions contemplated hereby.

6.5 Procedures for Indemnification.

- 6.5.1 A claim for indemnification under this Article VI ("Indemnification Claim") shall be made by a party by delivery of a written declaration to the other party requesting indemnification and specifying the basis on which indemnification is sought and the amount of asserted losses and, in the case of a Third Party Claim (as defined in section 6.5.4 hereof), containing such other information as party seeking indemnity shall have concerning such Third Party Claim.
- 6.5.2 If the Indemnification Claim involves a Third Party Claim the procedures set forth in section 6.5.4 hereof shall be observed by Purchaser, Seller and Shareholders.
- 6.5.3 If the Indemnification Claim involves a matter other than a Third Party Claim, the party to provide indemnity shall have ten (10) business days to object to such Indemnification Claim by delivery of a written notice of such objection to the party seeking indemnity specifying in reasonable detail the basis for such objection. Failure to timely so object shall constitute acceptance of the Indemnification Claim by the party to provide indemnity.
- 6.5.4 Should any claim be made, or suit or proceeding be instituted against a party by a third party which, if prosecuted successfully, would be a matter for which the party is entitled to indemnification under this Agreement (a "Third Party Claim"), the obligations and liabilities of the parties hereunder with respect to such Third Party Claim shall be subject to the following terms and conditions:
- (i) Party seeking indemnity shall give to the party to provide indemnity written notice of any such claim promptly after receipt by party seeking indemnity of notice thereof, and the party to provide indemnity will undertake the defense thereof by representatives of the party seeking indemnity's choosing. The assumption of the defense of any such claim by the party to provide indemnity shall be an acknowledgment by the party to provide indemnity of its obligation to indemnify party seeking indemnity with respect to such claim hereunder. Party seeking indemnity shall be entitled to participate with the party to provide indemnity in the defense of such matters at its own expense. If the party to provide indemnity fails or refuses to undertake the defense of such claim within ten (10) business days after written notice of such claim has been given to the party to provide indemnity by party seeking indemnity, party seeking indemnity shall have the right to undertake the defense, compromise and, subject to section 6.5.5, settlement of such claim with counsel of its own choosing. In the circumstances described in the preceding sentence, party seeking indemnity shall promptly, upon its assumption of the defense of such claim, make an Indemnification Claim as specified in section 6.5.1.
 - (ii) Purchaser, Seller and Shareholders shall reasonably cooperate with each other in connection with the defense of any Third Party Claim.
- 6.5.5 No settlement of a Third Party Claim involving the asserted liability of any party under this Article VI shall be made without the prior written consent of such party, which consent shall not be unreasonably withheld or delayed. In the event of any dispute regarding the reasonableness of any proposed Settlement, (i) the

party to provide indemnity shall make the final determination in respect thereto in cases in which the party to provide indemnity has assumed the defense of such claim pursuant to paragraph 6.5.4(i), which determination shall be final and binding on all parties, or (ii) with regard to any dispute regarding the reasonableness of any proposed settlement of any such claim, if the party to provide indemnity does not assume the defense of such claim, the advisability and terms of any such settlement shall be a matter for the good faith determination of the party seeking indemnity.

ARTICLE VII CONDITIONS PRECEDENT TO THE CLOSING

7.1 Conditions To Purchaser's Performance. All obligations of the Purchaser pursuant to this Agreement are subject to the satisfaction and fulfillment, prior to or at the Closing, of each of the following conditions, except as may be waived by Purchaser:

- 7.1.1 Representations and Warranties True. The representations and warranties of Seller contained in this Agreement shall be true and correct on and as of the Closing (as if made on the Closing), and Seller shall have delivered to Purchaser a certificate to such effect, dated as of the Closing and signed by its President.
- 7.1.2 Covenants Performed. All of the covenants of Seller set forth herein and which were to be performed at or prior to the Closing shall have been duly performed, and Seller shall certify to such effect in the certificate provided for in Section 7.1.1 hereof.
- 7.1.3 Third Party Approvals. The receipt by Purchaser of any and all necessary approvals from all necessary third parties and any governmental entity; including but not limited to approvals from The Public Service Commission of Kentucky, and any and all other state or federal agency or entity.
- 7.1.4 Litigation. There shall not have been instituted or threatened, on or before the Closing, any action or proceeding before any court or governmental agency or body or by a public authority with respect to the acquisition of the Assets or Business as contemplated hereby.
- 7.1.5 Consents. Seller shall have obtained all required consents or approvals in writing of all parties whose consent or approval is necessary for the assignment of the Contracts to Purchaser hereunder.
- 7.1.6 Phase I Environmental. Purchaser shall have received from an environmental firm of Purchaser's choice, a current Phase I environmental assessment report and a successful PCB screening for the Hopkins Facility and any or all of the Assets, and each of them, respectively, indicating that the Assets are not contaminated with Hazardous Materials and are in compliance with all Environmental Laws and are acceptable to Purchaser.
- 7.1.7 Leases. Seller shall have obtained all the required consents or approvals in writing of all parties whose consent or approval is necessary for the assignment of the Leases to Purchaser hereunder.

7.1.8 Termination of Litigation. Not less than three (3) business days prior to the Closing Date, the litigation by and between the shareholders of the Seller and the Seller, as designated by Cause No. 04-CI-00575 in the Henderson Circuit Court, Henderson County, Kentucky, shall be terminated and released by all parties involved with prejudice and satisfactory evidence thereof provided to the Purchaser.

7.2 Litigation. No investigation, suit, action or other proceeding shall be threatened or pending before any court or governmental agency that seeks restraint, prohibition, damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby;

7.3 Representations and Warranties. The representations and warranties made by Seller in this Agreement shall be true and correct in all material respects as of the Closing with the same force and effect as if those representations and warranties had been made as of the Closing;

7.4 Damaged Assets. Between the date of this Agreement and the Closing, the Assets shall not have been damaged or affected by reason of any loss, taking, condemnation, destruction, physical damage or abandonment, whether or not insured against.

7.5 Investigation. Purchaser's investigation of the Business of Seller pursuant to this Agreement shall have confirmed no material adverse change in the value of the Assets of Seller has occurred since December 31, 2004.

7.6 Cooperation: Further Assurances. Subject to the terms and conditions provided in this Agreement and to applicable legal requirements, each of the parties hereto agrees to use its commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done and to assist and cooperate with the other parties hereto in doing, as promptly as practicable, all things necessary, proper, or advisable under applicable laws and regulations to ensure that the conditions set forth in Article VII or Article VIII are satisfied and to consummate and make effective the transactions contemplated by this Agreement. No party to this Agreement shall take any action that is inconsistent with its obligations under this Agreement.

7.7 Confidentiality. Except for any disclosures to officers, directors, employees, advisors, and representatives that may be appropriate in furtherance of this transaction and except for disclosures that may be required to comply with applicable law, including securities laws or the requirements of any securities exchange, each party hereto shall keep strictly confidential all information obtained by it from any other party hereto in connection with the transactions contemplated by this Agreement, and if this Agreement is terminated, each party hereto will return to each other party all documents and other materials obtained from such other party in connection with this Agreement.

ARTICLE VIII CLOSING

8.1 Closing. The closing of the transactions provided for herein shall take place on or before November 30, 2005, at the offices of Rudolph, Fine, Porter & Johnson, LLP, Indiana, or such other date and place as shall be fixed by mutual consent in writing of the parties hereto. The date of the closing is referred to in this Agreement as the "Closing" or the "Closing Date." The transfer of title to the Assets will be effective as of the opening of business on said Closing.

8.2 Seller's Deliveries at Closing. The Seller shall deliver to Purchasers at or prior to the Closing, the following documents, instruments and certificates, in consummation of the transaction provided for herein:

- 8.2.1 Bill of Sale, executed by the Seller, for all of the Assets in the form of Exhibit 8.2.1, attached hereto and made a part hereof.
- 8.2.2 A Certified copies of resolutions of the Board of Directors of Seller and its shareholders, authorizing the making, execution, and delivery of this Agreement and the consummation of the transactions Contemplated hereby.
- 8.2.3 The certificate described in Section 7.1.I hereof.
- 8.2.4 Such other certificates of title, bills of sale and assignments and other good and sufficient instruments of conveyance and transfer, executed by all necessary persons, as shall be effective to vest in Purchaser good and marketable title to all the Assets and property to be sold, conveyed, transferred and delivered hereunder by the Seller, all as provided in this Agreement.
- 8.2.5 A Warranty Deed in the form and substance as set forth in Exhibit 8.2.5, for the Hopkins Facility.
- 8.2.6 The assignment of the Properties, Leases, and each of them, in the form and substance as set forth in Exhibit 8.2.6.
- 8.2.7 All the executed written consents for the assignment of the respective Contracts and Leases.
- 8.2.9 Duly executed Escrow Agreement in the form and substance of Exhibit 2.1.3.
- 8.2.10 Written consent of Seller authorizing Purchaser to use of the name "Orbit Gas Transmission Company" or a derivation thereof.

8.3 Purchaser's Deliveries at Closing. The Purchaser shall deliver to Seller at or prior to the Closing, the following documents, instruments and certificates, in consummation of the transaction provided for herein:

- 8.3.1 Duly executed Escrow Agreement in the form and substance of Exhibit 2.1.3.
- 8.3.2 A cashier's check or wire transfer of federal funds in the amount of One Hundred Thousand Dollars (\$100,000.00) shall be delivered to the Escrow Agent upon the execution of the Escrow Agreement by the Seller and Purchaser.
- 8.3.2 Certified copies of resolutions of **the** Board of Directors of Purchaser authorizing the making, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.
- 8.3.4 A cashiers' check or wire transfer of federal funds in the amount of Nine Hundred Ninety Thousand and 00/100 Dollars (\$990,000.00) to the Seller's account or such other accounts as directed by the Seller and its shareholders.

8.4 Risk of Loss. Prior to and **up** to the Closing, Seller shall bear the risk of loss of or damage to the Assets. After the Closing, the Purchaser shall bear the risk of loss.

8.5 Taxes. All personal property taxes, ad valorem obligations and similar taxes assessed or imposed on the Assets for a period before the Closing, shall be paid by the Seller.

ARTICLE IX EVENTS AFTER CLOSING

9.1 Certain Accounting Adjustments to the Purchase Price.

9.1.1 Appropriate adjustments to the Purchase Price shall be made between Purchaser and Seller to reflect the following:

9.1.1.1 All rights to proceeds, receipts, reimbursements, credits, and income and charges attributable to the Assets and accruing before 7:00 a.m. Central Standard Time on October 1, 2005 (the "Effective Time"), shall be the property of Seller. All proceeds, receipts, reimbursements, credits, income, and charges attributable to the Assets acquired by Purchaser hereunder and accruing on and after the Effective Time shall be the property of Purchaser.

9.1.1.2 Seller shall be responsible for and pay (A) all charges and invoices for costs and expenses (including, without limitation, lease maintenance payments, drilling and operating expenses, capital expenditures, and overhead charges) accruing before the Effective Time and attributable to the Assets and (B) necessary royalty disbursements of proceeds realized from the sale of production produced from and allocated to the Properties before the Effective Time. Purchaser shall be responsible for payment of (C) all charges and invoices for costs and expenses (including, without limitation, lease maintenance payments, drilling and operating expenses, capital expenditures, and overhead charges) accruing on and after the Effective Time and attributable to the Assets acquired hereunder and (D) necessary royalty disbursements of proceeds realized from the sale of production produced from and allocated to the Properties acquired hereunder on and after the Effective Time. All payments made by Seller for items under (C) above for which Purchaser is responsible shall be reimbursed by Purchaser.

9.1.1.3 **An** adjustment shall be made in an amount equal to the difference (whether positive or negative) between all revenue and expenses attributable to the Assets accruing during the period from and after the Effective Time to Closing. The parties hereto agree that an estimate of such revenue and expenses may be used for closing purposes, with final reconciliation being an item included in the Final Settlement Statement.

9.2 Procedure for Adjustments. In making such adjustments, the parties hereto agree that:

9.2.1 All ad valorem, severance, production and similar taxes applicable to the Properties shall be prorated between Purchaser and Buyer as of the Effective Date. Therefore, all such taxes for 2004 and prior years and for the portion of 2005 prior to the Effective Date levied against the Properties shall be borne and paid by Seller; and, all such taxes for the remainder of 2005 and thereafter levied against the Assets shall be borne and paid by Purchaser, irrespective if the amount levied is based on the

previous years production or any other basis. To the extent that taxes for the relevant period of time are not known as of the Closing, the parties shall use for the purposes of the adjustment to the Purchase Price and estimate based on the applicable taxes for the relevant months in 2004, subject to adjustment when the actual amount of the taxes for the applicable period are known.

9.2.2 Each party shall be responsible for its own income taxes.

9.3 Estimated Items. With respect to matters that can be determined or reasonably estimated as of Closing, Seller shall prepare, in accordance with the provisions of this Agreement and with generally accepted accounting principles, a statement (the "Closing Settlement Statement") setting forth each adjustment to the base Purchase Price to the best of Seller's knowledge, whether upward or downward, as may be required in accordance herewith. Seller shall submit to Purchaser the Closing Settlement Statement no later than five (5) days prior to the Closing Date and shall afford Purchaser access to Seller's records. Purchaser and Seller will agree upon the adjustments stated therein to be made to the Purchase Price, or will specify the adjustments to which there are differences and the adjustments to be omitted therefrom. Only the agreed upon adjustments shall be taken into account in computing the adjustments to be made to the Purchase Price at Closing. Final adjustments to the Purchase Price to be made hereunder shall be made within one hundred-twenty (120) days after the Closing Date for all matters other than Asserted Defects according to 9.4 hereinbelow.

9.4 Final Settlement Statement. As soon as practicable after the Closing, and in no event later than sixty (60) days following the Closing, Seller shall deliver to Purchaser, in accordance with the provisions of this Agreement and with generally accepted accounting principles, a statement ("Final Settlement Statement") setting forth each adjustment under this Agreement which was not determined as of the Closing. Within sixty (60) days after Purchaser receiving the Final Settlement Statement, the Parties shall agree upon the adjustments and payments stated in such Final Settlement Statement, and the net of such adjustments and payments shall be paid in cash to the appropriate Party by the other Party within five (5) days following agreement as to the Final Settlement Statement. If the Parties fail to reach agreement as to all adjustment within said sixty (60) day period, the net amount of all undisputed adjustments shall be paid and any remaining disputed items ("Asserted Defects") shall be submitted for determination by a nationally recognized firm of public accountants selected by the parties, whose decision shall be final and binding. The parties shall share equally the costs of such determination.

9.5 Installment Payment. The Purchaser shall deliver to the Seller, or as instructed by the Seller and its shareholders, a cashier's check or wire transfer of federal funds in the amount of One Hundred Thousand Dollars (\$100,000) on or before December 15, 2005.

9.6 White Plains Storage Field. The parties acknowledge and agree that Seller has verbally offered an independent third party an option to the purchase of the White Plains Storage Field and acknowledges and agrees that after December 15, 2005, no third party shall have any further option to purchase the White Plains Storage Field. In the event the White Plains Storage Field is purchased by a third party, the Purchaser and Seller shall, in good faith, cooperate with the third party purchaser thereof and the Purchaser shall be paid, from the third party purchaser and the Seller, twenty percent (20%) of the sales price, which said sales price shall not be less than Two Million Dollars (\$2,000,000), and the Seller shall be paid from the third party purchaser and shall receive the balance of the purchase price from the proceeds attributed to the sale of the White Plains Storage Field after the payment of twenty percent (20%) of said sale price to the Buyer.

9.7 Change Name. The Seller shall discontinue any and all business activities under the current name of "Orbit Gas Company."

**ARTICLE X
TERMINATION OF THIS AGREEMENT**

10.1 Termination. This Agreement and the transaction contemplated hereby (a) may be terminated at any time prior to the Closing (i) by written consent of Seller and Purchaser; (ii) by Purchaser if any of the conditions provided in Article VII of this Agreement have not been fulfilled or have not been waived by Purchaser prior to the Closing, or upon any material breach or default by Seller under this Agreement; or (iii) by Seller upon any material breach or default by Purchaser under this Agreement; or (b) may be terminated by Seller or Purchaser if, (i) due to no fault or delay of the terminating party, the Closing shall not have occurred on or prior to December 31, 2002; or (ii) the purchase and sale of the Assets shall violate any non-appealable final order, decree or judgment of any governmental authority having competent jurisdiction; or (iii) there shall be a statute, rule or regulation which makes the purchase and sale of the Assets and the assumptions of the Assumed Liabilities illegal or otherwise prohibited.

10.2 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 10.1, this Agreement shall be of no further force or effect, except for Section 5.4 (to the extent that Section 5.4 imposes on the affected party a confidentiality obligation) and this Section 10.2 and Article XIII, each of which shall survive the termination of this Agreement; provided, however, that the liability of any party for any breach by such party of the representations, warranties, covenants or agreements of such party set forth in this Agreement occurring prior to the termination of this Agreement shall survive the termination of this Agreement.

10.3 Specific Performance. The transactions contemplated by this Agreement are unique transactions and any failure on the part of Seller to complete the transactions contemplated by this Agreement on the terms of this Agreement will not be fully compensable in damages and the breach or threatened breach of the provisions of this Agreement would cause Purchaser irreparable harm. Accordingly, in addition to and not in limitation of any other remedies available to Purchaser for a breach or threatened breach of this Agreement, Purchaser will be entitled to specific performance of this Agreement upon any breach by Seller, and to an injunction restraining any such party from such breach or threatened breach.

**ARTICLE XI
NOTICES**

11.1 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered to, or mailed first class, postage prepaid, certified mail, return receipt requested, addressed to:

If to the Seller: Orbit Gas Company
600 Barrett Blvd.
P.O. Box 2100
Henderson, Kentucky 42420

Attention: Benjamin C. Cabbage, Jr., President

With a copy to: Paul J. Wallace, Esq.
Bowers Harrison, LLP
25 N.W. Riverside Drive
P.O. Box 1287
Evansville, Indiana 47706-1287

If to the Purchaser: Orbit Gas Transmission, Inc.
P.O. Box 749
Mt. Vernon, Illinois 62864

Attn: Richard Straeter

With a copy to: Marc D. Fine, Esq.
Rudolph, Fine, Porter & Johnson, LLP
221 N.W. Fifth Street
P. O. Box 1507
Evansville, Indiana 47706-1507

Any address to which any such notice, request or other communication shall be addressed, or the person to whose attention the same shall be sent, may be changed by a notice in writing given in the manner provided hereinbefore. Personal service of any such written notice, request, demand and other communication in writing may be made upon any party by personal service upon the person to whom any notice thereof transmitted by mail is to be directed.

ARTICLE XII INTERIM CLOSING

12.1 Interim Escrow Agreement. In the event the Kentucky Public Service Commission fails to provide approval for the transaction contemplated by this Agreement prior to October 1, 2005, the Purchaser and Seller shall execute and deliver the Interim Escrow Agreement in the form of Exhibit 12.1 (the "Interim Escrow Agreement") and the Purchaser shall pay and deliver the balance of the Purchase Price to the Escrow Agent in the amount of One Million Ninety Thousand Dollars (\$1,090,000).

12.2 Interim Operations. During the period of time subsequent to the delivery of the Interim Escrow Agreement and prior to the Closing Date (while the Assets remain the property of the Seller) (the "Interim Period"), the Purchaser shall be responsible for the professional management of the Business and provide the day-to-day management of the Business and Purchaser agrees to discharge and perform all duties reasonable expected in the management and operation of the Business. During the Interim Period, the Assets shall remain the property of the Seller subject to the trust relationship contemplated by this paragraph 12.2. Purchaser shall, subject to applicable legal requirements, use its best efforts to conduct the Business. Subject to the terms of this Agreement, Purchaser shall have absolute control and discretion in the operation of the Business. Notwithstanding the foregoing, Purchaser shall be excused from its obligations to operate the Business in conformity with applicable standards to the extent that Purchaser shall be prevented from compliance with the terms of this Agreement when such delay or failure is due to fires, floods, acts of God, legal acts of public authorities or defaults caused by public carriers which cannot reasonably be forecasted or provided against. During the Interim Period, Seller shall give to Purchaser uninterrupted control and operation of the Business and agrees that it will not interfere or involve itself in any way with the day-to-day operation of the Business unless expressly permitted by the terms of this Agreement.

12.3 Profits and Compensation. Only in the event that the Kentucky Public Service Commission fails to approve the transaction contemplated by this Agreement, for all services rendered by the Purchaser during the Interim Period, the Purchaser shall receive all profits from the operation of the Business attributed to operation of the Business during the Interim Period. The two (2) individuals shareholders of the Seller, Benjamin C. Cubbage, Jr. and William L. Haskins shall each be receive Fifteen Thousand Dollars (\$15,000) per month from the Purchaser during the Interim Period.

ARTICLE XII

MISCELLANEOUS PROVISIONS

13.1 Expenses. Each party hereto shall bear its own fees and expenses in connection with the transactions contemplated hereby; provided, however, that if the transaction shall be consummated, (a) Purchaser shall bear all Transaction Costs of Purchaser and (b) the Seller shall bear all Transaction Costs of Seller whether or not such fees and expenses have been paid by Seller on or before the Closing and whether or not such fees and expenses are reflected in the financial statements or any schedule attached hereto. As used in this Agreement, "Transaction Costs" shall mean, with respect to any party, all actual, out-of-pocket expenses incurred by such party to third parties, in connection with this Agreement, and all other transactions provided for herein and therein; but shall not in any event include general overhead; the time spent by employees of such party internally; postage, telephone, telecopy, photocopy and delivery expenses; permit and filing fees; and other non-material expenses that are incidental to the ordinary course of business.

13.2 Entire Agreement. This Agreement, with the Schedules hereto, constitutes the entire agreement between the parties hereto with respect to the matters set forth herein, there being no other oral or written agreements or understandings between them affecting the subject matter of this Agreement and shall supersede any and all prior oral or written negotiations, communications and agreements, by and between the parties relating to the subject matter of this Agreement, including specifically the letter of intent dated _____, 2005 executed by the Seller and Trey Exploration, Inc., an Indiana corporation.

13.3 Waivers. No waiver by any party of, or consent by such party to, a variation from, or breach of, or default under any provision of this Agreement shall be effective unless made in a written instrument duly executed on behalf of such party by its duly authorized officer or such individual (as the case may be), and any such waiver or consent shall be limited solely to those rights or conditions expressly so waived or consented to. No failure or delay on the part of any party in exercising any power, right or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof, or the exercise of any other right or power under this Agreement. No other actions taken by any party, including, without limitation, any investigation by or on behalf of such party, and no failure to take action, shall be deemed to constitute a waiver or an extension by such party of compliance with any representation, warranty, condition, agreement or indemnification set forth in this Agreement.

13.4 Severability. Every provision of this Agreement shall be considered severable, and if, for any reason, any provision clause or part hereof is determined to be invalid, contrary to, or in conflict with any existing or future law of the state of Indiana, the invalidity thereof shall not impair the operation or affect the remaining provisions, clauses, or parts of this Agreement, and the latter shall continue to be given full force and effect. If any provision, clause, or part of this Agreement, or the application thereof under certain circumstances, is held invalid, the remainder of this Agreement, or the application of such provision, clause or part under other circumstances, shall not be affected thereby.

13.5 Construction. The language in all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning, strictly neither for nor against either Purchaser or Seller, and without implying a presumption that the terms hereof shall be more strictly construed against one (1) party by reason of any rule of construction.

13.6 Expenses. Except as otherwise provided for herein, the parties shall pay their own fees and expenses, including their own counsel fees, incurred in connection with this Agreement or any transaction contemplated hereby.

13.7 Further Assurances. From time to time after the Closing, upon the reasonable request of Purchaser and Seller shall execute and deliver or cause to be executed and delivered such further

instruments of conveyance, assignment and transfer and take such further action, as Purchaser may reasonably request in order more effectively to sell, assign, convey, transfer, reduce to possession and record title to any of the Assets. Seller agrees to cooperate with Purchaser in all reasonable requests to assure to Purchaser the continued title to and possession of the Assets in the condition and manner contemplated by this Agreement.

13.8 Income Tax Position. No party hereto shall take a position for income tax purposes which is inconsistent with this Agreement.

13.9 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

13.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13.11 Additional Actions and Instruments. Each of the parties hereto agrees to take or cause to be taken such further actions, to obtain such consents and approvals, and to execute, deliver and file or cause to be executed, delivered and filed such further instruments as any other party may from time to time reasonably request in order to fully effectuate the purposes, terms and conditions of this Agreement.

13.12 Parties in Interest. The within Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective successors and assigns. Nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies under or by reason of this Agreement.

13.13 Governing Law/Venue. This Agreement shall be construed and governed in accordance with the laws of the State of Kentucky. The parties hereby stipulate that venue of any action brought in respect of the interpretation hereof or the rights of the parties hereunder, both during the term of this Agreement or subsequent to any termination hereof, shall be placed in any state court of general jurisdiction in Henderson County, Kentucky.

13.14 Attorneys' Fees and Litigation Costs. In the event of litigation to enforce the terms of this Agreement or any document or instrument executed pursuant hereto, the prevailing party shall be entitled to a judgment for its attorneys' fees, paralegal fees, collection costs, and prejudgment interest on any damage claim.

13.15 Modifications. No modification, amendment, waiver or release of any provision of this Agreement or of any right, obligation, claim or cause of action arising under this Agreement shall be valid or binding for any purpose unless in writing and duly executed by the party against whom the same is sought to be asserted.

13.16 No Third Party Beneficiaries. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than the parties and the respective successors or assigns of the parties, any rights, remedies, obligations or liabilities whatsoever, except to the extent that such third person is an indemnified person or indemnifying person in respect of the indemnification provided in accordance with Article VI of this Agreement.

13.17 Parties in Interest/Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective estates, personal representatives, heirs, successors, assigns and distributees. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any party hereto without the prior written consent of the other parties hereto.

13.18 Interpretation. Unless the context requires otherwise, all words used in this Agreement in the singular number shall extend to and include the plural, all words in the plural number shall extend to and include the singular, and all words in any gender shall extend to and include all genders.

13.19 Waiver. Any of the provisions of this Agreement may be waived at any time in writing by the party entitled to the benefit thereof.

ARTICLE XIV DEFINITIONS

14.1 Affiliate. "Affiliate" means, with respect to any particular Person or entity, any Person controlling, controlled by or under common control with such Person or entity.

14.2 Business. "Business" means the business of providing natural gas production, natural gas collection, natural gas storage, natural gas distribution and other related service associated with the conduct of the business of a natural gas public utility.

14.3 Environmental Law. "Environmental Laws" or "Environmental Law" shall mean any and all laws, rules, orders, regulations, statutes, ordinances, guidelines, codes, decrees, or other legally enforceable requirements (including without limitation, common law) of any foreign government, the United States, or any state, local, municipal or other governmental authority, regulating, relating to or imposing liability or standards of conduct concerning protection of the environment or of human health, or employee health and safety.

14.4 Environmental Permits. "Environmental Permits" shall mean any and all permits, licenses, registrations, notifications, exemptions and any other authorization required under Environmental Law.

14.5 Environmental Reports. "Environmental Reports" shall mean any report, study, assessment, audit, or other similar document that addresses any issue of actual or potential non-compliance with, or actual or potential liability under or cost arising out of, any Environmental Law that may affect the Business or the Assets.

14.6 GAAP. "GAAP" means United States generally accepted accounting principles as in effect from time to time.

14.7 Hazardous Material. "Hazardous Material" shall mean a hazardous material or substance, petroleum or petroleum product, toxic substance, hazardous or specific waste, contaminant, chemical, pollutant or any other substance as defined as such or regulated or that could result in liability under any Environmental Law

14.8 Knowledge of the Seller. "Knowledge of the Seller" or "The Seller has Knowledge" means the knowledge of one or more of the shareholders of the Seller, it being understood that such knowledge may be established (i) by producing documentation existing prior to the Closing Date (including in e-mail, computer files and the like), (ii) by an admission by any of the shareholders of the Seller that he had knowledge or should have had knowledge of the matter in question or (iii) by establishing that the Company received written notice prior to the Closing Date with respect to the disclosure or omission in question.

14.9 Liability. "Liability" means any liability (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated, and whether due or to become due), including any

liability for Taxes.

14.10 Loss. "Loss" means any damage, obligation, payment, cost, expense, injury, judgment, penalty, fine, interest, or other loss (including, but not limited to, the cost and expense of defending or prosecuting any and all charges, claims, complaints, actions, demands, assessments, litigation, proceedings, hearings, investigations, notices, judgments, orders, decrees and settlements relating thereto, expenses of preparation and investigation thereof and attorneys', experts', consultants' and accountants' fees in connection therewith).

14.11 Material Adverse Change. "Material Adverse Change" means any change, event or occurrence that individually or in the aggregate (taking into account all other such changes, events or occurrences) has had, or would be reasonably likely to have, a material adverse effect upon the assets, business, operations, financial condition or prospects of the Business.

14.12 Material Adverse Effect. "Material Adverse Effect" shall mean any change in, or effect on the Business or Assets that, individually or in the aggregate, is, or could reasonably be expected to be, materially adverse to the Business, the Assets, liabilities, prospects, properties, employee relations, management or customer relations, operations, or financial condition of the Business and the Assets.

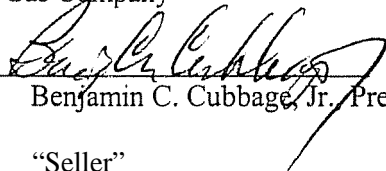
14.13 Ordinary Course of Business. "Ordinary Course of Business" means the ordinary course of business of the Business consistent with past custom and practice of the Business (including with respect to quantity and frequency).

14.14 Person. "Person" means an individual, a partnership, a corporation, an association, a limited liability company, a joint stock company, a trust, a joint venture, an unincorporated organization, a governmental entity or any department, agency or political subdivision thereof or any other entity.

14.15 Subsidiary. "Subsidiary" means, with respect to any particular Person, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control any managing director or general partner of such limited liability company, partnership, association or other business entity.


IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Orbit Gas Company

By: 
Benjamin C. Cabbage, Jr. President

"Seller"

Orbit Gas Transmission, Inc.

By: 
OGTE, ~~Manager~~ President
"Purchaser"

LIST OF SCHEDULES

Schedule 1.1.1	Equipment, Machinery, Tools and Inventories
Schedule 1.1.2	Vehicles
Schedule 1.1.4	Work in Progress, Bids, Proposals and Contracts
Schedule 1.1.7	Intellectual Property Rights, Permits, Licenses, Approvals and Governmental Authorities
Schedule 1.1.10.1	Leases
Schedule 1.1.10.2	Wells
Schedule 1.1.15	Hopkins Facility Real Estate
Schedule 1.2	Excluded Assets
Schedule 1.3	Assumed Liabilities
Schedule 3.4	Contracts
Schedule 3.5	Liabilities
Schedule 3.19	Customers
Schedule 3.23	Employee Benefit Plans
Schedule 3.27	Permits, Licenses, Approvals and Governmental Authorities
Schedule 3.38	Commitments
Schedule 3.39	Production Contracts

LIST OF EXHIBITS

Exhibit 2.1.3	Escrow Agreement
Exhibit 8.2.1	Bill of Sale
Exhibit 8.2.5	Warranty Deed for Hopkins Facility
Exhibit 8.2.6	Assignments for Contracts and Leases
Exhibit 12.1	Interim Escrow Agreement

All of the Exhibits called for on this list consist of conveyancing documents and closing instruments which are in the process of being prepared or are in draft form to be approved by all attorneys for the various interested parties. In the interest of time and in order to place this transaction in a position to be submitted to the Public Service Commission of Kentucky, it has been agreed that these "Exhibits" will be approved and completed in final form on a piecemeal basis but well ahead of the schedule for the closing.

SCHEDULE 1.1.1
Equipment, Machinery, Tools and Inventories

See attached.

SCHEDULE 1.1.2

Vehicles

2000 Nissan Frontier Pickup Truck – VIN No. 1N6DD2 1S4YC416884

2002 Chevy Silverado Pickup Truck – VIN No. 1GCE14W12Z133527

200.3Chevy S10 Pickup Truck – VIN No. 1GCCS19H638143031

SCHEDULE 1.1.4
Work in Progress, Bids, Proposals and Contracts

NONE

SCHEDULE 1.1.7

Intellectual Property Rights, Permits, Licenses, Approval and Governmental Authorities

1. Railroad Crossing:
 - a) A lease/railroad crossing granted by Illinois Central Gulf Railroad to Orbit Gas Company for the period 3/7/91 through 3/6/93 in Hopkins County, Kentucky, more particularly described as: 4-inch natural gas pipeline crossing under the Waylands Tracks of the ICGRR at mile post J-147, plus 401.3 feet, near White Plains, Kentucky. (Now owned by Glenn W. Slate and Carol K. Slate)
 - b) A lease/railroad crossing granted by CSX Transportation to Orbit Gas Company in Hopkins County, Kentucky, more particularly described as: a natural gas pipeline in steel casing crossing under our tracks at Va. Sta. 4749 +05 near Morton, Kentucky, Contract No. 49390.
2. Rights-of-way

Daviess County

<u>Surface Owners</u>	<u>Date</u>	<u>Book and Page</u>
Paulette Howard	4-14-75	B. 446, P. 494
William G. Rhodes, et ux	5-6-75	B. 446, P. 480
Randall L. Roby, et ux	5-9-75	B. 446, P. 484
Russell Roland, et al	4-14-75	B. 446, P. 488
James C. Shively, et ux	4-16-75	B. 447, P. 488
Ralph Thompson	7-3-42	B. 446, P. 470
Rossie Wilkerson, et ux	5-6-75	B. 446, P. 478
Theodore Worth, et ux	5-13-75	B. 446, P. 486
J. B. Brown, et ux	3-25-75	B. 446, P. 490
Patrick Cecil, et ux	5-2-75	B. 446, P. 464
Jerome Day, et ux	4-8-75	B. 446, P. 492
James M. Hamilton, et ux	5-5-75	B. 446, P. 460
Paul D. Melton, et ux	5-2-75	B. 446, P. 456
Mary H. Millay	5-12-75	B. 446, P. 452
Joseph Montgomery, et ux	5-6-75	B. 446, P. 454
Anslem J. Payne, et ux	5-6-75	B. 446, P. 458
Louis A. Rhodes, ux	5-5-75	B. 446, P. 462
Robert A. Payne, et ux	5-2-75	B. 446, P. 466
Owen and Virginia Payne	5-5-75	B. 446, P. 468
James F. Howard, adm	10-4-76	B. 460, P. 469
Nora H. Howard, et ux	10-1-76	B. 460, P. 539
Clara B. Hawes, et vir	6-1-92	B. 612, P. 807

McClellan County

<u>Surface Owners</u>	<u>Date</u>	<u>Book and Page</u>
Kern Montgomery	3-18-80	B. 95, P. 177
Glen Smith	3-18-80	B. 95, P. 175
Pauline M. Atherton, et al	11-13-80	B. 98, P. 254
Wallace R. Dame, et ux	11-12-80	B. 98, P. 262

Courtland Ellis, et ux	11-12-80	B. 98, P. 258
Ephriam Ellis, exec	11-11-80	B. 98, P. 240
Kenneth Haynes Gossett, et ux	11-11-80	B. 98, P. 256
T. A. Ellis, et ux	9-18-80	B. 98, P. 252
Lula May Ellis, et ux	9-18-80	B. 98, P. 242
Glen Ellis, et ux	11-11-80	B. 98, P. 264
Jule Lorraine Thomas, et al	9-18-80	B. 98, P. 246
Charles A. Walker	9-18-80	B. 98, P. 250
Clynard Rickard, et ux	11-14-80	B. 98, P. 260
Delbert Rich	11-12-80	B. 98, P. 266
Cara E. Rust, et ux	9-22-80	B. 98, P. 244
Kathleen Turley	7-17-81	B. 121, P. 661
Barry R. Rickard, et ux	6-3-81	B. 121, P. 659
Martha Turley	7-15-81	B. 121, P. 663
Luther Patterson	6-2-81	B. 121, P. 653
Leon Pendley, et ux	4-24-81	B. 121, P. 655
Jimmy Revlett	6-4-81	B. 121, P. 657
T.A. Ellis	4-14-81	B. 121, P. 647
James P. English, et ux	6-29-81	B. 121, P. 649
Martha Miller	4-22-81	B. 121, P. 651
Melvin R. Cabbage	4-28-81	B. 121, P. 645
Central Bank & Trust Co., exec	4-20-81	B. 121, P. 643
Madeline Baggett	4-27-81	B. 121, P. 641
Mrs. Elmer Arnold	4-27-81	B. 121, P. 639
William Jones, et ux	10-16-73	B. 85, P. 626
Thaxton R. Kittinger	10-2-73	B. 85, P. 624
George Conrad, et ux	10-2-73	B. 85, P. 632
Glen D. Conrad, et ux	10-2-73	B. 85, P. 634
L.M. Conrad, et ux	10-2-73	B. 85, P. 630
Zetta Hines	10-2-73	B. 85, P. 628
George T. Seymour, et ux	10-2-73	B. 85, P. 618
Nall Hines, Inc.	10-18-73	B. 85, P. 622

Hopkins County

<u>Surface Owners</u>	<u>Date</u>	<u>Book and Page</u>
Audrey Ashby	1-22-81	B. 420, P. 437
Terry Smith, et ux	1-12-81	B. 420, P. 443
Melvin and Laurel Rudd, Jr.	1-22-81	B. 320, P. 431
Curtis Mattingly, et ux	1-22-81	B. 420, P. 441
Tony Lowe, et ux	2-13-81	B. 420, P. 429
Morton Dickerson, et ux	12-30-80	B. 420, P. 439
William Blue, et ux	1-12-81	B. 420, P. 445
Terry Smith, et ux	1-12-81	B. 420, P. 433
Leni W. Loving	1-15-81	B. 420, P. 449
Luther Rudd	1-19-81	B. 420, P. 435
Melvin and Laurel Rudd, Jr.	1-22-81	B. 420, P. 447
Gary Rudd & Isabel Rudd	10-20-82	B. 430, P. 348
Jewell W. Ashby	7-3-90	B. 491, P. 751
Gary Rudd, et ux, et al	10-26-91	B. 598, P. 341
David J. Waters, et ux	4-24-01	B. 598, P. 343

Morton Dickerson, et ux	6-2-03	B. 619, P. 223
Strother P. Moore	11-18-91	B. 515, P. 441
Larry Farmer, et ux	1-18-93	B. 51.5, P. 611
Lyla Thomas Hammack, et vir	1-20-93	B. 51.5, P. 613
William R. Underwood, et al	1-31-93	B. 515, P. 15
George T. Bruce, et ux	1-28-93	B. 51.5, P. 617
Walter Rudy, Jr., et ux	11-7-92	B. 517, P. 93
Island Creek Coal Company	12-10-92	B. 518, P. 19
Elizabeth Moore	2-3-93	B. 522, P. 562
Irene Werley, et al	12-23-92	B. 522, P. 564
Joe Nell Davis	1-27-94	B. 525, P. 97
J.D. Moore, et ux	2-3-94	B. 525, P. 230
Patricia Lane Pulley, et vir	8-26-94	B. 531, P. 565
Carol Wesley Heidbrink, et vir	8-26-94	B. 531, P. 567
Rita Joan Weymouth, et vir	8-__-94	B. 532, P. 26
Cynthia Dale Clutts, et vir	10-4-94	B. 532, P. 591
Mae M. Blair, et vir	4-5-96	B. 548, P. 60
AMCA Coal Leasing, Inc.	4-6-93	Not recorded
Julius Eckard	6-6-90	Not recorded

Christian County

<u>Surface Owners</u>	<u>Date</u>	<u>Book and Page</u>
Glenn Larkin, et ux	2-25-93	B. 21, P. 242
William R. Young, et ux	3-16-83	B. 37, P. 656

Muhlenberg County

<u>Surface Owners</u>	<u>Date</u>	<u>Book and Page</u>
William R. King, et ux	4-16-72	<u>B. 290, P. 147</u>
Howard Harnmonds, et ux	4-16-72	<u>B. 29, P. 149</u>
Gulf Oil Corporation	8-13-73	
Mary Allinder, et ux	7-23-82	<u>B. 359, P. 912</u>
Maurice Randolph	2-24-86	<u>B. 373, P. 170</u>
Mary Rolley	11-13-90	<u>B. 404, P. 311</u>

3. Approvals and Governmental Authorities:

- a) Consents to assignment of contracts from third parties - not requested until after Purchase and Gas Agreement is executed.
- b) Approval from Public Service Commission, Commonwealth of Kentucky of sale of assets by Orbit Gas Company - to be filed as soon as Purchase and Sale Agreement executed.

SCHEDULE 1.1.10.1

Leases

Surface Lease

Carl R. Stearman, et ux and Jobe Pipeline Company, dated 9-28-63, recorded Book 74, page 200, and amended 12/7/64, recorded Book 74, page 203, Hopkins County

Lease Contracts

1. Norris Hams and Orbit Gas Company, dated 9-18-90, recorded Book 121, page 997, Daviess County.
2. Sextet Mining Corporation (now Joseph E. and Rachel M. Ballard) and Orbit Gas Company, dated 4/6/88, Hopkins County.
3. Melvin Cabbage, et ux and Orbit Gas Company, dated 12/1/97, McLean County.

Oil and Gas Leases

1. Holloman Lease, Hopkins County, Kentucky.
2. Whitfield Lease, Hopkins County, Kentucky.
3. Clapp Allen Lease, Hopkins County, Kentucky
4. Oates Lease, Muhlenberg County, Kentucky.
5. Pittman Lease, Muhlenberg County, Kentucky.
6. Cypret Cotton Lease, Hopkins County, Kentucky.
7. Moms Lease, Hopkins County, Kentucky.
8. West Ky. "B" Lease, Hopkins County, Kentucky.
9. Stevens Lease, Hopkins County, Kentucky.
10. A.S. Loving Lease, Hopkins County, Kentucky.
11. Mason Salmon Lease, Hopkins County, Kentucky.
12. Thorpe Lease, Hopkins County, Kentucky.
13. Purdy Thorpe Lease, Hopkins County, Kentucky.
14. Archie Cook Lease, Hopkins County, Kentucky.
15. Commercial Bank of Dawson Springs Lease, Hopkins County, Kentucky.

SCHEDULE 1.1.10.2
Wells

See attached

--

SCHEDULE 1.1.15
Hopkins Facility Real Estate

Beginning at an iron pipe on the west side of Kentucky Highway No. 813 on the edge of the highway right of way and come to the Holloman Estate; thence extending south 61 degrees and 30 minutes west with the property line of the Holloman Estate a distance of 582 feet to an iron pipe; thence north 34 degrees and 30 minutes west on the property of Herbert Chaney a distance of 300 feet to an iron pipe; thence north 61 degrees and 30 minutes east on the Herbert Chaney property a distance of 582 feet to an iron pipe at the edge of Kentucky Highway No. 813 right of way; thence with Kentucky Highway No. 813 right of way south 34 degrees and 30 minutes east a distance of 300 feet to the beginning; and containing 4 acres.

Being the same property conveyed to Orbit Gas Company by Deed dated April 20, 1992 from Orco, Inc., recorded in Deed Book 507, page 715 in the Hopkins County Court Clerk's Office.

SCHEDULE 1.2
Excluded Assets

1. The trade name "Orbit Gas Company"
2. The domain name, email address and web site address: orbitgas.com.
3. Original tax and accounting records
4. Accounts receivable
5. Cash and cash equivalents

SCHEDULE 1.3
Assume Liabilities

All obligations, undertakings and acts to be performed under all items listed in Schedule 1.1.10.1, Schedule 1.1.10.2, Schedule 1.1.7 and Schedule 3.4

SCHEDULE 3.4

Contracts

1. Natural Gas Purchase Agreement dated November 1,2000 with Western Kentucky Gas Company, a division of Atmos Energy Corporation, being Contract No. LPC-16, and amended on October 1 2001 , now Contract 0041.
2. Natural Gas Purchase Agreement dated November 1,2000 with Western Kentucky Gas Company, a division of Atmos Energy Corporation, being Contract No. LPC-1 and amended October 10, 2001, now Contract No. WKG-10037. (Hwy. 138)
3. Natural Gas Purchase Agreement dated November 1,2000 with Westem Kentucky Gas Company, a division of Atmos Energy Corporation, being Contract No. LPC-I 8, and amended October 10,2001, now Contract No. WKG-10039. (Poplar Grove)
4. Natural Gas Purchase Agreement dated November 1, 2000 with Western Kentucky Gas Company, a division of Atmos Energy Corporation, being Contract No. LPC-19, and amended October 10,2001, now Contract No. WKG-10038. (Kirkwood Springs)
5. Gas Service Contract dated September 21, 1984 with Ensign-Bickford Company.
6. Gas Purchase Contract dated April 6,2001 with Alcan Ingot, a division of Alcan Aluminum Corporation.
7. Gas Service Contract dated March 7, 1997 with the City of White Plains, Kentucky
8. Gas Service Contract dated November 14, 1996 with Darrell Hatfield.
9. Gas Service Contract dated October 31, 1997 and amended October 25,2004 Backwood Broilers.
10. Gas Service Contract dated July 28,2000 with the City of White Plains.
11. ITS Service Agreement with ANR Pipeline Company, being Contract No. 109857, dated November 1, 2003.
12. Operation Agreement with Sargent Oil & Gas Ca., Inc. dated April 15, 1983, as amended.
13. Operation Agreement with Kerson Development, Inc. (now Marty Powell) dated March 2, 1988.
14. Pumping Agreement with Laurance H. Armour, Jr. & Margot Boyd Armour 1989 Trust dated August 23, 1991
15. Operating Agreement with Har-Ken Agent OK dated July 1,2005.
16. Natural Gas Storage Agreement dated November 16, 1990 between Kentucky Pipeline and Storage Company, Inc. and Orbit Gas Company, as amended by letter agreement dated February 3, 1993 between said parties, and subsequently assigned by Kentucky Pipeline and Storage Company, Inc. to WKG Storage, Inc. effective November 1, 1.

17. Farmtaps as required under provisions of KRS Chapter 278 (48 in number) all as set out and described in Assignment dated September -' 2005 from Orbit Gas Company to Orbit Gas Transmission, Inc. to which reference is made.

18. Natural Gas Purchase Contracts as follows:

<u>Producer</u>	<u>Contract Date</u>
Stanoco, Inc. (Mark R. Adams)	January 20, 1984 Amendment – March 9, 1988
The Wiser Oil Company Columbia Natural Resources Columbia Natural Resources	November 1, 1997 Assignment – Effective April 1, 1999 Assignment – Effective June 1, 2001
Charles C. White & Elbert E. Elliott	March 14, 1991
Sargent Oil & Gas Co., Inc.	December 7, 1980 Amendment – March 17, 1983 Amendment – November 18, 1985 Amendment – January 10, 1986
Kerson Development, Inc. Marty Powell	March 2, 1988 Assignment – January 10, 1986
Lamar Properties	November 12, 1985 Amendment – April 16, 1986
Har-Ken Oil Company Continental Resources of Illinois, Inc.	March 24, 1992 Assignment – Effective May 1, 2001
Farrar Oil Company Continental Resources of Illinois, Inc.	March 1, 1999 Assignment – Effective May 1, 2001
Farrar Oil Company Continental Resources of Illinois, Inc.	May 30, 2001 Assignment – Effective May 1, 2001
Continental Resources of Illinois, Inc.	July 30, 2003
Reynolds Resources, Inc.	December 19, 2002
Lincoln Energy	October 18, 2000
Shekinah Oil Co., Inc.	February 28, 2003
Arrow Pipeline, Inc.	January 27, 2004
Universal Operating, Inc.	July 25, 2003
Har-Ken Agent OK	November 12, 2004
Har-Ken Agent OK	July 1, 2005

SCHEDULE 3.5
Liabilities

See Schedule 1.3

SCHEDULE 3.19
Customers'

See parties to contracts in Schedule 3.4

SCHEDULE 3.23
Employee Benefit Plans

1. FIDELITY ADVISOR – SIMPLE IRA PLAN
Master #S233 1
Fidelity Investments
3% Employer Match

2. ANTHEM BLUE CROSS AND BLUE SHIELD
9901 Linn Station Road
Louisville, KY 40223
Group #00048216
Medical Insurance, Term Life, Accidental and Dismemberment (\$10,000)

3. HEALTH RESOURCES, INC.
123 S. Green River Road
P.O. Box 15660
Evansville, IN 47716-0660
Group #2900 0288 0000/Plan No: 206 030-00
Dental Insurance

4. SHENANDOAH LIFE INSURANCE COMPANY
P.O. Box 12847
Roanoke, Virginia 24029-2847
Group #0060004600 09242
Group Life and Disability Benefits

SCHEDULE 3.28
Permits, Licenses, Approvals and Governmental Authorities

See Schedule 1.1.7

SCHEDULE 3.39
Commitments

NONE

SCHEDULE 3.40
Production Contracts

NONE

EXHIBIT "D"

Exhibit "D" is a copy of Articles of Incorporation of Orbit Gas Transmission, Inc. and a Certificate of Existence issued by the Secretary of State of Kentucky.

COMMONWEALTH OF KENTUCKY
TREY GRAYSON
SECRETARY OF STATE



0620885.09

AMcRay
PAOI

Trey Grayson
Secretary of State
Received and Filed

0910112005 12:54:22 PM
Fee Receipt: \$50.00

ARTICLES OF INCORPORATION
Business Corporation

For the purposes of forming a business corporation in Kentucky pursuant to KRS Chapter 271B, the undersigned incorporator(s) hereby submit(s) the following Articles of Incorporation to the Secretary of State for filing:

Article I: The name of the corporation is
ORBIT GAS TRANSMISSION, INC.

Article II: The number of shares the corporation is authorized to issue is 1,000

Article III: The street address of the corporation's initial registered office in Kentucky is
Kentucky Home Life Building, Louisville, Kentucky 40202

and the name of the initial registered agent at that office is C T Corporation System

Article IV: The mailing address of the corporation's principal office is
302 N INDEPENDENCE, ENID, OK 73701

Article V: The name and mailing address of each incorporator is
ROGER V. CLEMENT, 302 N INDEPENDENCE, ENID, OK 73701

Name Street or PO Box Number City State Zip Code

Name Street or PO Box Number City State Zip Code

Executed by the Incorporator(s) on 8-31-05

Roger Clement
Signature of Incorporator

Signature of Incorporator

I, C T Corporation System, consent to serve as the registered agent on behalf of the corporation.
C T Corporation System

By: See Attached Statement
Signature of Registered Agent

Type of Print Name & Title

COMMONWEALTH OF KENTUCKY
TREY GRAYSON
SECRETARY OF STATE



STATEMENT OF CONSENT OF REGISTERED AGENT

Pursuant to the provisions of KRS Chapter 2716, 273, 275 or 352, the undersigned hereby consents to act as registered agent on behalf of the business entity named below and for that purpose submits the following statements:

- 1. The business entity is a corporation (KRS 271B or KRS 273)
 a limited liability company (KRS 275)
 a limited partnership (KRS 362)
- 2. The name of the business entity is
Orbit Gas Transmission, Inc.
- 3. The state or country of incorporation, organization or formation is Kentucky
- 4. The name of the initial registered agent is
C T Corporation System
- 5. The street address of the registered office address in Kentucky is
Kentucky Home Life Building Louisville KY 40202
Street City State Zip Code

Document No.: DN2005150511
Lodged By: KY LENDERS
Recorded On: 09/08/2005 02:05:21
Total Fees: 9.00
Transfer Tax: .00
County Clerk: ROBBIE HOLSCLOW-JEFF CO KY
Deputy Clerk: TERHIG

Susan J. Metzke
Signature of registered agent

Susan J. Metzke, Asst. Secy.

Type or Print Name & Title, if applicable

Date: August 31, 20 05

STATEMENT

Commonwealth of Kentucky
Trey Grayson
Secretary of State

Certificate of Existence

I, Trey Grayson, Secretary of ~~State~~ of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

ORBIT GAS TRANSMISSION, INC.

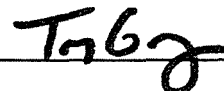
is a corporation duly incorporated **and** existing under KRS Chapter **271B**, whose date of incorporation is **September 1, 2005** and whose period of duration is perpetual.

I further certify that all ~~fees~~ and penalties owed to the Secretary of State have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 271B.16-220 ~~has~~ been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 29th day of September, 2005.

Certificate Number. 20650
Jurisdiction: Public Service Commission of Kentucky
Visit <http://apps.sos.ky.gov/business/obdb/certvalidate.aspx> to validate the authenticity of this certificate.





Trey Grayson
Secretary of State
Commonwealth of Kentucky
20650/0620885

EXHIBIT “E”

Exhibit “E” is a pro forma operating statement and balance sheet for Orbit Gas Transmission, Inc.

EXHIBIT "E"
ORBIT GAS TRANSMISSION, INC. PRO FORMA

The unaudited pro forma information set forth below includes the pro forma for Orbit Gas Company, and projected pro forma for Orbit Gas Transmission, Inc (OGTI). It is the goal of OGTI to expand the existing gas transmission capabilities to serve the expected growth in gas production from increased drilling in the operational area and to serve the customers with a reliable source of gas to meet their expanding needs.

	ORBIT GAS COMPANY I/1/05 to 8/31/05 Monthly Average	ORBIT GAS TRANSMISSION, INC. Projected Monthly Average
INCOME		
Western Ky-Sales Stations	\$57,164.71	\$68,597.65
Alcan	\$37,819.01	\$45,382.81
WKG Storage	\$805.53	\$966.64
Ensign-Bickford	\$37,835.14	\$45,402.17
White Plains	\$6,317.51	\$7,581.02
Operations	\$1,144.05	\$1,372.86
Prod-WI	\$6,100.85	\$7,321.02
Prod-RI	\$113.91	\$136.70
Farm Tap	\$12,507.53	\$15,009.04
Msc	\$4.50	\$5.40
Other Income	\$1,250.00	\$1,500.00
Total Income	\$161,062.75	\$193,275.30
EXPENSES		
Royalty Payments	\$85,811.18	\$102,973.41
Salaries & Wages	\$14,788.03	\$19,788.00
Employer Social Security	\$1,200.61	\$1,200.61
Employer Medicare	\$280.78	\$280.78
Stockholder Salaries	\$5,000.00	\$0.00
White Plains Expenses	\$98.71	\$98.71
Gas Purchase-Rabbit Ridge	\$24.88	\$24.88
Change in Gas Inventory	\$560.26	\$560.26
Operations Expense	\$4,261.29	\$4,261.29
Vehicle Expense	\$1,180.58	\$1,534.76
Bank Service Charges	\$10.00	\$0.00
Depreciation Expense	\$168.64	\$168.64
Dues, Meetings & Subscriptions	\$377.70	\$377.70
Utilities	\$81.39	\$81.39
Insurance-Employee Group	\$1,358.69	\$1,358.69
Insurance-General	\$917.81	\$917.81
Legal & Accounting	\$1,287.28	\$1,287.28
Office Expense	\$214.40	\$214.40
Rent Expense	\$2,000.00	\$2,000.00
Rt-of-Way & Rental Expense	\$137.98	\$137.98
IRA Simple Match	\$443.64	\$443.64
Taxes - Payroll	\$78.49	\$78.49
Taxes-Severance	\$3,130.97	\$3,130.97
Taxes & License- Other	\$428.13	\$428.13
Travel, Lodging & Airfare	\$250.00	\$250.00
Meals & Entertainment	\$18.74	\$18.74
Consulting Fee	\$2,000.00	\$1,500.00
Total Expenses	\$127,685.91	\$143,116.53
Total Net Operating Income (Loss)	\$33,376.84	\$50,158.77
Interest Income	-\$152.72	\$0.00
Net Income (Loss) Before Tax	\$33,529.56	\$50,158.77

EXHIBIT "E"
ORBIT GAS TRANSMISSION, INC. PRO FORMA

The unaudited pro forma information set forth below includes the proforma for Orbit Gas Company, and projected proforma for Orbit Gas Transmission, Inc. (OGTI). It is the goal of OGTI to expand the existing gas transmission capabilities to serve the expected growth in gas production from increased drilling in the operational area and to serve the customers with a reliable source of gas to meet their expanding needs.

	ORBIT GAS COMPANY 1/1/05 to 8/31/05 Monthly Average	ORBIT GAS TRANSMISSION, INC. Projected Monthly Average
INCOME		
Western Ky-Sales Stations	\$57,164.71	\$68,597.65
Alcan	\$37,819.01	\$45,382.81
WKG Storage	\$805.53	\$966.64
Ensign-Bickford	\$37,835.14	\$45,402.17
White Plains	\$6,317.51	\$7,581.02
Operations	\$1,144.05	\$1,372.86
Prod-WI	\$6,100.85	\$7,321.02
Prod-RI	\$113.91	\$136.70
Farm Tap	\$12,507.53	\$15,009.04
Msc	\$4.50	\$5.40
Other Income	\$1,250.00	\$1,500.00
Total Income	\$161,062.75	\$193,275.30
EXPENSES		
Royalty Payments	\$85,811.18	\$102,973.41
Salaries & Wages	\$14,788.03	\$19,788.00
Employer Social Security	\$1,200.61	\$1,200.61
Employer Medicare	\$280.78	\$280.78
Stockholder Salaries	\$5,000.00	\$0.00
White Plains Expenses	\$98.71	\$98.71
Gas Purchase-Rabbit Ridge	\$24.88	\$24.88
Change in Gas Inventory	\$560.26	\$560.26
Operations Expense	\$4,261.29	\$4,261.29
Vehicle Expense	\$1,180.58	\$1,534.76
Bank Service Charges	\$10.00	\$0.00
Depreciation Expense	\$168.64	\$168.64
Dues, Meetings & Subscriptions	\$377.70	\$377.70
Utilities	\$81.39	\$81.39
Insurance-Employee Group	\$1,358.69	\$1,358.69
Insurance-General	\$917.81	\$917.81
Legal & Accounting	\$1,287.28	\$1,287.28
Office Expense	\$214.40	\$214.40
Rent Expense	\$2,000.00	\$2,000.00
Rt-of-Way & Rental Expense	\$137.98	\$137.98
IRA Simple Match	\$443.64	\$443.64
Taxes - Payroll	\$78.49	\$78.49
Taxes-Severance	\$3,130.97	\$3,130.97
Taxes & License- Other	\$428.13	\$428.13
Travel, Lodging & Airfare	\$250.00	\$250.00
Meals & Entertainment	\$18.74	\$18.74
Consulting Fee	\$2,000.00	\$1,500.00
Total Expenses	\$127,685.91	\$143,116.53
Total Net Operating Income (Loss)	\$33,376.84	\$50,158.77
Interest Income	-\$152.72	\$0.00
Net Income (Loss) Before Tax	\$33,529.56	\$50,158.77

EXHIBIT "F"

Description of Assets to be Sold

The assets to be sold pursuant to the proposed transaction between Orbit Gas Company and Orbit Gas Transmission, Inc. are set forth and generally described in Article I, Section 1.1 through 1.1.17 on pages 1 through 3 of the "Asset Purchase and Sale Agreement" dated September 22, 2005, a copy of which appears at Exhibit "C" to the application to which this exhibit is attached.

EXHIBIT "G"

Exhibit "G" is a form of an Adoption Notice

Orbit Gas Transmission, Inc.

P.S.C. Ky. Adoption Notice No. 1

ADOPTION NOTICE

The undersigned Orbit Gas Transmission, Inc. with office at 600 Barrett Boulevard, Henderson, Kentucky 42420 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 regulations for furnishing natural gas service at Hopkins, Muhlenberg, Christian and McLean counties in the Commonwealth of Kentucky, filed with the Public Service Commission of Kentucky by Orbit Gas Company of 600 Barrett Boulevard, Henderson, Kentucky 42420, and in effect on the ___ day of _____, 2005, the date on which the public service business of said Orbit Gas Company was taken over by it.

This notice is issued on the ___ day of _____, 2005, in conformity with 807 KAR 5:011, Section 11 of the Regulations for the filing of Tariffs of Public Utilities with the Public Service Commission of Kentucky.

ORBIT GAS TRANSMISSION, INC.

BY _____
Richard H. Straeter, President

Authorized by K.P.S.C. Order No. _____, dated _____, 2005.

EXHIBIT "H"

Exhibit "H" is a copy of Articles of Incorporation of Orbit Gas Company and a Certificate of Existence issued by the Secretary of State of Kentucky.

11700 206

95.

ARTICLES OF INCORPORATION OF
ORBIT GAS COMPANY

RECEIVED & FILED
Ch. 58
Apr 11 9 17 AM '92

THAT, the undersigned Benjamin C. Cabbage, EJR, of 600 Barrett Boulevard, Henderson, Kentucky, does hereby declare his purpose for becoming an incorporated company under the laws of the Commonwealth of Kentucky, with right of perpetual succession, and hereby specifies as follows:

ARTICLE I

The name of the corporation shall be ORBIT GAS COMPANY.

ARTICLE II

& registered

The principal office of the company shall be 600 Barrett Boulevard, P. O. Box 2100, Henderson, Kentucky 42420.

ARTICLE III

The duration of the corporation shall be perpetual.

ARTICLE IV

The purpose and nature of the business which is to be transacted, promoted and carried on by this corporation shall be:

The purchase, sale and transportation of natural gas: the operation, acquisition, development and sale of oil and gas properties and gathering systems; the operation, acquisition, development and sale of pipelines and natural gas storage facilities together with all other related activities incident thereto.

To contract with all persons and entities, natural or otherwise,

To buy, sell, hold, develop, mortgage or pledge real estate or personal property of all kinds, natures and descriptions.

Book 2-17490-000

To engage in all other general or specific powers allowed under the Kentucky Revised Statutes and all other powers and rights not denied to a corporation under said statutes,

To do all things necessary, incidental or beneficial directly or indirectly in conjunction with or to facilitate all other purposes and natures of business to be transacted, promoted or carried on by the corporation, enumerated or otherwise.

ARTICLE V

The agent for service of process shall be Benjamin C. Cabbage, Jr., whose post office address is 600 Barrett Boulevard, P. O. Box 2100, Henderson, Kentucky 42420.

ARTICLE VI

The corporation shall have the authority to issue a total of one thousand (1,000) shares of common stock. Such stock so issued shall have no par value-

ARTICLE VII

The corporation will begin business with One Thousand Dollars (\$1,000.00) capital.

ARTICLE VIII

The name and address of the incorporator is:

Benjamin C. Cabbage, Jr.
600 Barrett Boulevard
Henderson, Kentucky 42420

ARTICLE EX

The initial Board of Directors shall consist of two (2) persons, the names and addresses of whom are as follows:

Doc 11 - Page 307

William L. Haskins
600 Barrett Boulevard - P. O. Box 2001
Henderson, Kentucky 42420

Benjamin C. Cabbage, Jr.
600 Barrett Boulevard - P. O. Box 2001
Henderson, Kentucky 42420

The Board of Directors may, by adoption of appropriate by-laws, alter the number of directors to any number, but not more than nine (9).

ARTICLE X

The initial code of by-laws of the corporation shall be adopted by its Board of Directors. The Board of Directors shall have the power to amend, alter, or repeal the by-laws or to adopt a new code of by-laws. The code of by-laws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with the General Corporation Law of the Commonwealth of Kentucky, or with these Articles of Incorporation.

ARTICLE XI

Any contract or other transaction between the corporation and any firm of which one or more of its directors are members, or in which they are interested, or between the corporation and any corporation or association of which one or more of its directors are shareholders, members, directors, employees, or officers, or in which they are interested, shall be valid for all purposes, notwithstanding his or their participation in such action, if the fact of such interest shall be disclosed or known to the Board of Directors, and the Board of Directors shall, nevertheless,

Book 22 Page 308

authorize, approve and ratify such contract or transaction by a vote of the majority of the directors present, such interested director or directors to be counted in determining whether a quorum is present, but not to be counted in calculating the majority necessary to carry such vote. This section shall not be construed to invalidate any contract or other transaction which would otherwise be valid under the common and statutory laws applicable thereto.

ARTICLE XII

The corporation reserves the right, from time to time, to amend, alter, or repeal or to add any provision to its Articles of Incorporation, in any manner now or hereafter prescribed or permitted by the provisions of the statutes of the Commonwealth of Kentucky.

Benjamin C. Cubbage, Jr.
Benjamin C. Cubbage, Jr.

STATE OF KENTUCKY

COUNTY OF HENDERSON . . . SCT.

I, *Jane Beccora*, a Notary Public in and for said county and state, do hereby certify that this date there appeared before me in my county and state Benjamin C. Cubbage, Jr. who provided the foregoing instrument and duly signed and acknowledged the same to be his free act and deed.

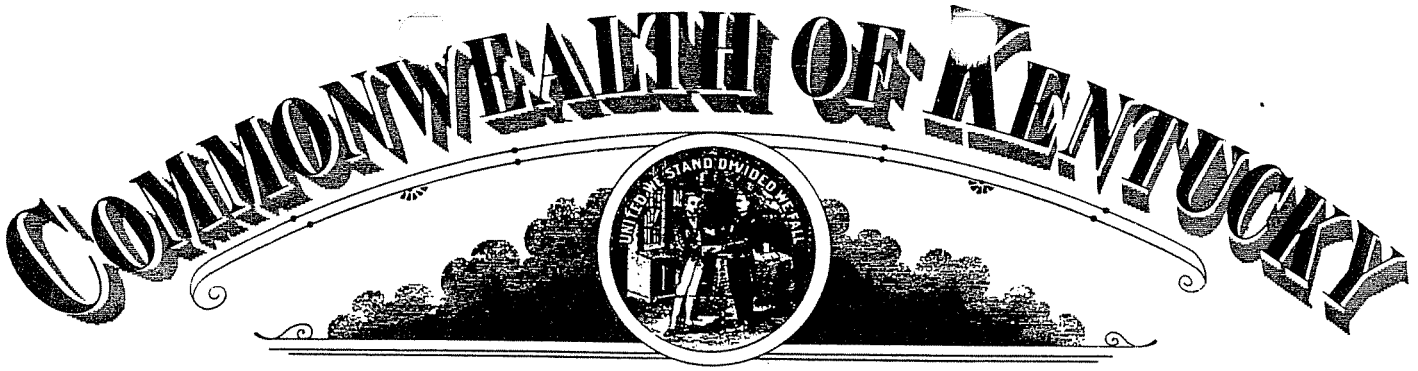
Witness my hand and notarial seal this *3rd* day of April, 1992.

My commission expires: - *April 15, 1995*

This Instrument Prepared By
CUBBAGE AND STIGGER
600 Barret Blvd.
Henderson, Kentucky 42420

Jane Beccora
Notary Public

By *Benjamin C. Cubbage, Jr.*



**Trey Grayson
Secretary of State**

Certificate of Existence

I, Trey Grayson, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

ORBIT GAS COMPANY

is a corporation duly incorporated and existing under KRS Chapter 271B, whose date of incorporation is April 14, 1992 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 271B.16-220 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 9th day of September, 2005.



Trey Grayson

Trey Grayson
Secretary of State
Commonwealth of Kentucky
vbennett/0299380 - Certificate ID: 19770