



Ernie Fletcher  
Governor

Teresa J. Hill, Secretary  
Environmental and Public  
Protection Cabinet

Christopher L. Lilly  
Commissioner  
Department of Public Protection

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

Mark David Goss  
Chairman

John W. Clay  
Commissioner

November 3, 2006

Attn: Wilma Ison  
Elam Utility Company  
459 Main Street  
West Liberty, KY 41472

Re: Case No. 2006-00302

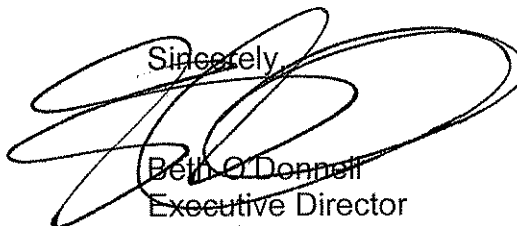
Dear Ms. Ison:

The following documents pertaining to establishing the appropriate gas cost adjustment level for Elam Utility Company have been filed in the record of the above-referenced case:

- Letter from Columbia Gas Transmission to the Public Service Commission dated May 31, 2006
- Letter from Columbia Gas Transmission to Elam Utility Company dated May 31, 2006
- Letter from Columbia Gas Transmission to the Public Service Commission with Settlement Agreement and Release dated September 15, 2006
- 13 Invoices from Jefferson Gas Transmission Company to Elam Utility Company
- Contract between North American Energy Corporation and Elam Utility Company faxed on October 17, 2006

Any comments regarding the contents of this letter should be submitted to the Commission within five days of receipt.

Sincerely,



Beth O'Donnell  
Executive Director

dm  
Enclosures

May 31, 2006

RECEIVED

JUN 1 2006

FINANCIAL ANA

Jeff Shaw  
Assistant Director  
Division of Financial Analysis  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602-0615

RECEIVED

JUN 01 2006

PUBLIC SERVICE  
COMMISSION

**Re: Elam Utility Company**

Dear Jeff,

Over the past winter heating season the gas storage imbalance position of Elam Utility Company ("Elam") on the Columbia Gas Transmission Corporation ("Columbia") system has increased significantly. At the end of October 2005, Elam's imbalance totaled (8,054) dths. By the end of April 2006, this imbalance had grown to (44,359) dths. That is, Elam has withdrawn 44,359 Dths from Columbia's storage that it does not own. Shippers under Columbia's GTS Rate Schedule, such as Elam, are provided with certain flexibility, such as the right to withdraw gas above their storage contract quantity. However, this right is contingent upon their replacing the gas supplies they use. To date, Elam has shown no inclination to replace the gas supplies it has taken off the Columbia system.

Shippers that take action such as this utilize gas supplies that are not theirs and potentially threaten system flexibility and integrity. Elam is using gas supplies provided by other shippers to serve their market (and presumably billing its customers for the cost of gas). The significant increase in natural gas commodity prices has dramatically increased the financial impact of this problem.

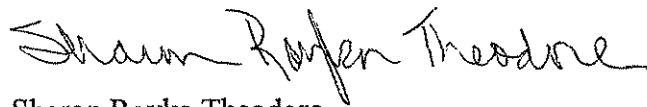
Columbia has attempted to work with Elam to resolve this imbalance problem. Storage replenishment letters were sent to Elam on February 7, 2005 and September 23, 2005 and Elam was contacted by phone during the past winter heating season, however, the imbalance has continued to grow. On May 30, 2006, Columbia provided the attached letter to Elam with a demand that Elam agree to work with Columbia to develop a repayment schedule. We are hopeful that Elam will agree to work to replenish the gas.

Jeff Shaw  
Page 2  
May 31, 2006

Columbia has traditionally done all it could to ensure that small customers are provided the highest level of service. Columbia encourages the PSC to do all it can to ensure that Elam will eliminate its storage imbalance and develop sound business practices. If this does not occur within a relatively short time, Columbia will have no choice but to begin the process of terminating service to Elam

Please contact me at 202/216-9766 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Sharon Royka Theodore". The signature is written in black ink and is positioned above the printed name.

Sharon Royka Theodore  
Manager, Regulatory Affairs  
Columbia Gas Transmission Corporation

May 31, 2006

CERTIFIED LETTER

Wilma Ison  
Elam Utility Company  
459 Main Street  
West Liberty, KY 41472

Ms. Ison,

Over the past winter heating season the negative imbalance for Elam Utility Company ("Elam") has increased dramatically. As of April 30, 2006, the imbalance owed by Elam totaled (44,359) dths. Columbia has made previous efforts to work with Elam to address Elam's imbalance problems. Storage replenishment letters were sent to Elam on February 7, 2005 and September 23, 2005 and Elam was contacted by phone during the past winter heating season, however, the imbalance has continued to grow.

Columbia's marketing representatives will arrange a meeting with Elam within 30 days from the date of this letter to discuss a proposed repayment schedule. It is imperative that Elam takes all necessary steps to replace the gas it has withdrawn as well as assure that it has sufficient gas in storage for future use. Columbia and Elam must reach an agreement on repaying these volumes of gas as soon as possible so repayment can commence. In the event Columbia and Elam are unable to agree on an acceptable repayment plan within 15 days from the date of a meeting, Columbia will be forced to consider additional steps to protect the gas its other customers store on its system, including the interruption of service to Elam, and ultimately the termination of Elam's Rate Schedule GTS agreement.

Therefore, we must insist that within 30 days from the date of this letter, Elam agree to meet with Columbia to develop a program to resolve the imbalance.

Sincerely,



Steve Claywell  
Business Manager, Marketing - West

cc: Kentucky Public Service Commission

Columbia Gas  
Transmission

A NiSource Company

10 G Street, N.E.  
Suite 580  
Washington, DC 20002  
(202) 216.9766  
Fax: (202) 216.9785  
Cellular: (703) 587 0704  
sjroyka@nisource.com

Sharon J. Royka  
Manager, Regulatory Affairs

September 15, 2006

RECEIVED  
SEP 18 2006  
FINANCIAL ANA

Mr. Aaron D. Greenwell  
Manager, Financial Audits Branch  
Financial Analysis Division  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602-0615

RECEIVED

SEP 18 2006

PUBLIC SERVICE  
COMMISSION

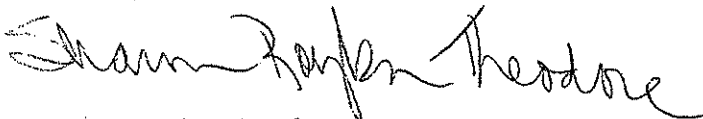
**Re: Elam Utility Company**

Dear Aaron,

Attached to this letter is a copy of the settlement agreement between Elam Utility Company and Columbia Gas Transmission as we have previously discussed. The settlement specifies that, with the exception of providing a copy to the Kentucky Public Service Commission, the terms of the Settlement Agreement will remain confidential. Accordingly, Columbia Gas Transmission requests confidential and privileged treatment of this document by the Kentucky Public Service Commission.

Please contact me at 202-216-9766 if you have questions regarding this matter.

Sincerely,



Sharon Royka Theodore

Attachment

## SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("Settlement Agreement") is made and entered into this 15 day of July 2006, by and between Elam Utility Company ("Elam"), a company wholly owned by Wilma Ison, and Columbia Gas Transmission Corporation ("Columbia"). Elam and Columbia are sometimes hereafter individually designated as a "Party" and collectively as the "Parties."

### WITNESSETH

WHEREAS, Elam operates a small local distribution company in the State of Kentucky with approximately 475 customers that is regulated by the Kentucky Public Service Commission;

WHEREAS, Elam and Columbia are parties to certain service agreements under which Elam receives service under Rate Schedule GTS to Columbia's Federal Energy Regulatory ("FERC") Gas Tariff;

WHEREAS, Elam, as a Shipper under Columbia's GTC Rate Schedule, has the right to withdraw gas above its storage contract quantity, provided that it replaces such gas in a timely manner;

WHEREAS, Elam currently has a long outstanding negative natural gas storage imbalance on Columbia's system of 46,899 Dth ("Negative Imbalance") due to its failure to replace gas that it withdrew above its storage contract quantity;

WHEREAS, to date, Elam has not attempted to replace the gas volumes it owes to Columbia, even though the failure to replace such gas means that the gas was unlawfully taken off of Columbia's system;

WHEREAS, after considering the facts at issue and the benefits to be received by each Party under this Settlement Agreement, the Parties have agreed to settle, fully and finally, Elam's Negative Imbalance on the terms set forth below; and

NOW, THEREFORE, in consideration of the premises, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows:

#### 1. PAYMENT.

1.1 Upon execution of this Agreement, Elam agrees to pay to Columbia 5,000 Dth of natural gas each month, with such payment being made in kind. The 5,000 Dth that Elam shall pay in kind each month will equal the volume of gas that exceeds Elam's normal usage for the subject month. Elam shall make such payments each month until such time as the Negative Imbalance of 46,899 Dth is paid in full ("Final Payment").

**2. RELEASE.**

2.1 Upon receipt by Columbia of Elam's Final Payment referenced above in Section 1.1, Columbia on behalf of itself, its partners, predecessors, successors and affiliates, and each of their present and former officers, directors, employees, employers, agents, insurers, attorneys, shareholder, subsidiary corporations, parent corporations and affiliated entities, shall release, acquit, and discharge (and, accordingly, indemnify and hold harmless for the same) Elam, its predecessors, successors and affiliates, and each of their present and former officers, directors, employees, employers, agents, insurers, attorneys, shareholders, subsidiary corporations, parent corporations, and affiliated entities, from any and all rights, actions, claims, demands, costs, allegations, liabilities, obligations, damages of whatever kind, and causes of action, whether known, suspected, or unknown, whether at law or in equity, contract, tort or otherwise, that Columbia had or now has or may claim to have had or now have in any way arising from the Negative Imbalance.

**3. EXECUTION AND DELIVERY; REQUISITE POWER.**

3.1 Each Party represents and warrants that: (i) it has the power to execute, deliver and perform this Settlement Agreement; (ii) all necessary action has been taken to authorize the execution, delivery and performance of this Settlement Agreement; (iii) no consent or approval of any person or entity, and no consent, approval, authorization or declaration of any governmental authority, bureau, commission or agency, is required in connection with the execution, delivery and performance of this Settlement Agreement by such Party or the validity or enforceability of this Settlement Agreement; and (iv) this Settlement Agreement has been duly executed and delivered by, and constitutes the valid and legally binding obligation of, such Party, enforceable in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights generally; and (v) such Party has not assigned, sold or otherwise transferred any rights relating to the Matters to a subsidiary, affiliate, customer or other third party.

**4. CONFIDENTIALITY.**

4.1 Elam and Columbia, on their behalf and on behalf of their attorneys, employees, and agents agree that, with the exception of providing a copy to the Kentucky Public Service Commission, the terms of this Settlement Agreement are and shall remain confidential, and they shall not make any revelation, disclosure, or comment to any person or entity of the terms of this Settlement Agreement. In the event that any person or entity seeks disclosure of this Settlement Agreement, the parties hereto agree that they shall use reasonable efforts to immediately notify each other and their respective counsel of the request for disclosure, and each party shall have an opportunity to take whatever action it deems necessary to oppose or limit such disclosure. However, a failure to so notify of a request for disclosure shall not be grounds for breach of this Settlement Agreement. In the event of breach of this confidentiality provision, the parties intend this

confidentiality provision to be, and is, severable from the other terms of this Settlement Agreement, and each may resort to or invoke any appropriate remedy at law or in equity.

5. MISCELLANEOUS

5.1 Scope of Agreement. This Settlement Agreement shall be binding upon Elam and Columbia and their successors and affiliated entities, and upon their administrators, representatives, executors, and assigns, and shall inure to the benefit of each of them.

5.2 Governing Law. This Settlement Agreement shall be governed by, and interpreted and construed in accordance with, the laws of the State of West Virginia, without giving effect to any choice of law rules that may require the application of the laws of another jurisdiction.

5.3 Entire Agreement. This Settlement Agreement embodies the entire agreement and understanding of the Parties with respect to the subject matter contained herein and supersedes all prior and contemporaneous negotiations, agreements and understandings, written or oral, with respect to the subject matter hereof. This Settlement Agreement may be amended only in writing signed by both Parties.

IN WITNESS WHEREOF, Elam and Columbia have caused this Settlement Agreement to be executed by their duly authorized representative on the day and year first above written.

ELAM UTILITY COMPANY

By: Wilma Ison

Name: Wilma Ison

Its: President

COLUMBIA GAS TRANSMISSION CORPORATION

R. Douglas Walker  
Name: R. Douglas Walker  
Vice President



2006-00302

**Jefferson Gas Company**  
P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-859-245-8193

FIRST CLASS MAIL  
U.S. POSTAGE PAID  
Mailed from ZipCode 40503  
PERMIT NO. 417

Bill Date	Due Date	Account #
06-01-05	06-20-05	J01300
Svc Addr: Red River		
Previous :		7563
Current:	05-31-05	7567
Consumption:		4
Natural Gas		33.16

**Natural Gas Bill**

Please detach and return with Payment

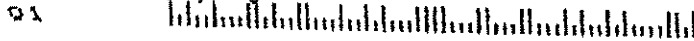
Bill Date	Account #	Amount Due
06-01-05	J01300	33.16

**\*J01300\***

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

**Total Amount Due 33.16**

Call before you dig!



**Jefferson Gas Company**  
P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-859-245-8193

FIRST CLASS MAIL  
U.S. POSTAGE PAID  
Mailed from ZipCode 40503  
PERMIT NO. 417

Bill Date	Due Date	Account #
06-01-05	06-20-05	J01303
Svc Addr: Mattress Factory		
Previous :		5046
Current:	05-31-05	5097
Consumption:		51
Natural Gas		422.79

**Natural Gas Bill**

Please detach and return with Payment

Bill Date	Account #	Amount Due
06-01-05	J01303	422.79

**\*J01303\***

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

**Total Amount Due 422.79**

Call before you dig!



465.95

**Jefferson Gas Company**  
P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-859-245-8193

FIRST CLASS MAIL  
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Mailed from ZipCode 40503  
PERMIT NO. 417

Bill Date 05-30-06	Due Date 06-20-06	Account # J01300
Svc Addr: Red River		
Previous :		7779
Current:	05-30-06	7782
Consumption:		3
Natural Gas		25.89

**Natural Gas Bill**

Please detach and return with Payment

Bill Date 05-30-06	Account # J01300	Amount Due 25.89
-----------------------	---------------------	---------------------

\*J01300\*

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

Total Amount Due 25.89

Call before you dig!

CO01



**Jefferson Gas Company**  
P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-859-245-8193

FIRST CLASS MAIL  
U.S. POSTAGE PAID  
Mailed from ZipCode 40503  
PERMIT NO. 417

Bill Date 05-30-06	Due Date 06-20-06	Account # J01303
Svc Addr: Mattress Factory		
Previous :		7331
Current:	05-30-06	7417
Consumption:		86
Natural Gas		742.18

**Natural Gas Bill**

Please detach and return with Payment

Bill Date 05-30-06	Account # J01303	Amount Due 742.18
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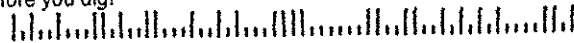
\*J01303\*

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

Total Amount Due 742.18

Call before you dig!

CO01



768.07

89

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**U.S. POSTAGE PAID**  
 Mailed from ZipCode 40503  
 PERMIT NO. 417

Bill Date	Due Date	Account #
06-30-05	07-20-05	J01300

Svc Addr: Red River		
Previous :		7567
Current:	06-28-05	7568
Consumption:		1
Natural Gas		7.97

**Natural Gas Bill**


Please detach and return with Payment

Bill Date	Account #	Amount Due
06-30-05	J01300	7.97

**\*J01300\***

Elam Utilities  
 459 Main Street  
 West Liberty, KY 41472-

**Total Amount Due 7.97**

Call before you dig! 01 

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 P.O. Box 24000  
 Lexington KY 40524 888-453-9255

For Emergency  
 Call:  
 1-888-453-9255  
 or  
 1-859-245-8193

**FIRST CLASS MAIL**  
**U.S. POSTAGE PAID**  
 Mailed from ZipCode 40503  
 PERMIT NO. 417

Bill Date	Due Date	Account #
06-30-05	07-20-05	J01303

Svc Addr: Mattress Factory		
Previous :		5097
Current:	06-29-05	5113
Consumption:		16 16
Natural Gas		127.52

**Natural Gas Bill**

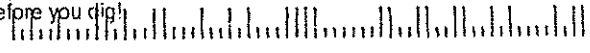
Please detach and return with Payment

Bill Date	Account #	Amount Due
06-30-05	J01303	127.52

**\*J01303\***

Elam Utilities  
 459 Main Street  
 West Liberty, KY 41472-

**Total Amount Due 127.52**

Call before you dig! 

135.49  
**PAID**  
 7-11-05  
 ELAM UTILITY CO.  
 CK# 24198

**Jefferson Gas Company**

P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-859-245-8193

FIRST CLASS MAIL  
U.S. POSTAGE PAID  
Mailed from ZipCode 40503  
PERMIT NO. 417

Bill Date 07-29-05	Due Date 08-20-05	Account # J01303
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Svc Addr: Mattress Factory		
Previous :		5113
Current:	07-27-05	5125
Consumption:		13

Natural Gas 106.99

**Natural Gas Bill**

Please detach and return with Payment

Bill Date 07-29-05	Account # J01303	Amount Due 106.99
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**\*J01303\***

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

Total Amount Due 106.99

Call before you dig!

C001



**Jefferson Gas Company**

P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-859-245-8193

FIRST CLASS MAIL  
U.S. POSTAGE PAID  
Mailed from ZipCode 40503  
PERMIT NO. 417

Bill Date 07-29-05	Due Date 08-20-05	Account # J01300
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Svc Addr: Red River		
Previous :		7568
Current:	07-27-05	7569
Consumption:		1

Natural Gas 8.23

**Natural Gas Bill**

Please detach and return with Payment

Bill Date 07-29-05	Account # J01300	Amount Due 8.23
-----------------------	---------------------	--------------------

**\*J01300\***

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

Total Amount Due 8.23

Call before you dig!

C001



115.22

**Jefferson Gas Company**  
 P.O. Box 24000  
 Lexington KY 40524 888-453-9255

For Emergency  
 Call:  
 1-888-453-9255  
 or  
 1-859-245-8193

**FIRST CLASS MAIL**  
**U.S. POSTAGE PAID**  
 Mailed from Zip Code 40503  
 PERMIT NO. 417

Bill Date	Due Date	Account #
08-31-05	09-20-05	J01303
Svc Addr: Mattress Factory		
Previous :		5126
Current:	08-30-05	5142
Consumption:		16
Natural Gas		143.04

**Natural Gas Bill**

Please detach and return with Payment

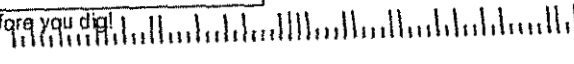
Bill Date	Account #	Amount Due
08-31-05	J01303	143.04

*CK# 24277*  
*SEP 19 2005*

**\*J01303\***

Elam Utilities  
 459 Main Street  
 West Liberty, KY 41472-

**Total Amount Due 143.04**

Call before you dig! 

**Jefferson Gas Company**  
 P.O. Box 24000  
 Lexington KY 40524 888-453-9255

For Emergency  
 Call:  
 1-888-453-9255  
 or  
 1-859-245-8193

**FIRST CLASS MAIL**  
**U.S. POSTAGE PAID**  
 Mailed from Zip Code 40503  
 PERMIT NO. 417

Bill Date	Due Date	Account #
08-31-05	09-20-05	J01300
Svc Addr: Red River		
Previous :		7569
Current:	08-30-05	7569
Consumption:		0

**Natural Gas Bill**

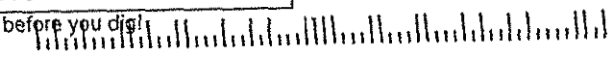
Please detach and return with Payment

Bill Date	Account #	Amount Due
08-31-05	J01300	0.00

**\*J01300\***

Elam Utilities  
 459 Main Street  
 West Liberty, KY 41472-

**Total Amount Due 0.00**

Call before you dig! 

*143.04*

Jefferson Gas Company  
P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-659-245-8193

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Mailed from Zip Code 40503  
PERMIT NO. 417

Bill Date	Due Date	Account #
09-29-05	10-20-05	J01300
Svc Addr: Red River		
Previous :		7569
Current:	09-29-05	7570
Consumption:		1
Natural Gas		10.70

### Natural Gas Bill

Please detach and return with Payment

Bill Date	Account #	Amount Due
09-29-05	J01300	10.70

\*J01300\*

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

Total Amount Due 10.70

Call before you dig! 0001

Jefferson Gas Company  
P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-659-245-8193

FIRST CLASS MAIL  
U.S. POSTAGE PAID  
Mailed from Zip Code 40503  
PERMIT NO. 417

Bill Date	Due Date	Account #
09-29-05	10-20-05	J01303
Svc Addr: Mattress Factory		
Previous :		5142
Current:	09-29-05	5154
Consumption:		12
Natural Gas		128.40

### Natural Gas Bill

Please detach and return with Payment

Bill Date	Account #	Amount Due
09-29-05	J01303	128.40

\*J01303\*

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

Total Amount Due 128.40

Call before you dig! 0001

139.10

**Jefferson Gas Company**  
 P.O. Box 24000  
 Lexington KY 40524 888-453-9255

For Emergency  
 Call:  
 1-888-453-9255  
 or  
 1-859-245-8193

FIRST CLASS MAIL  
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 Mailed from ZipCode 40503  
 PERMIT NO. 417

Bill Date	Due Date	Account #
11-01-05	11-20-05	J01300

Svc Addr: Red River		
Previous :		7570
Current:	11-01-05	7580
Consumption:		10
Natural Gas		7570

**PAID**  
 CK# 24340  
 NOV 03 2005  
**ELAM UTILITY CO.**

**Natural Gas Bill**

Please detach and return with Payment

Bill Date	Account #	Amount Due
11-01-05	J01300	98.30

**\*J01300\***

Elam Utilities  
 459 Main Street  
 West Liberty, KY 41472-

<b>Total Amount Due</b>	<b>98.30</b>
-------------------------	--------------

Call before you dig! 

**Jefferson Gas Company**  
 P.O. Box 24000  
 Lexington KY 40524 888-453-9255

For Emergency  
 Call:  
 1-888-453-9255  
 or  
 1-859-245-8193

FIRST CLASS MAIL  
 U.S. POSTAGE PAID  
 Mailed from ZipCode 40503  
 PERMIT NO. 417

Bill Date	Due Date	Account #
11-01-05	11-20-05	J01303

Svc Addr: Mattress Factory		
Previous :		5154
Current:	11-01-05	5223
Consumption:		69
Natural Gas		678.27

**PAID**  
 NOV 08 2005  
**ELAM UTILITY CO.**

**Natural Gas Bill**

Please detach and return with Payment

Bill Date	Account #	Amount Due
11-01-05	J01303	678.27

**\*J01303\***

Elam Utilities  
 459 Main Street  
 West Liberty, KY 41472-

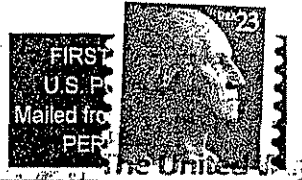
<b>Total Amount Due</b>	<b>678.27</b>
-------------------------	---------------

Call before you dig! 

776.57

**Jefferson Gas Company**  
 P.O. Box 24000  
 Lexington KY 40524 888-453-9255

For Emergency  
 Call:  
 1-888-453-9255  
 or  
 1-859-245-8193



Bill Date	Due Date	Account #
12-01-05	12-20-05	J01300

Svc Addr: Red River		
Previous :		7580
Current:	11-29-05	7624
Consumption:		44

Natural Gas 586.52

*Paid*  
 CK # 24391  
 12-9-05

ELAM UTILITY CO.

13.33

**Total Amount Due 586.52**

Call before you dig!

313



**Natural Gas Bill**

Please detach and return with Payment

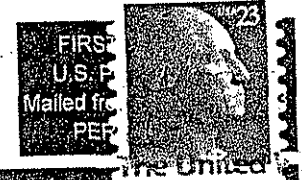
Bill Date	Account #	Amount Due
12-01-05	J01300	586.52

**\* J01300 \***

Elam Utilities  
 459 Main Street  
 West Liberty, KY 41472-

**Jefferson Gas Company**  
 P.O. Box 24000  
 Lexington KY 40524 888-453-9255

For Emergency  
 Call:  
 1-888-453-9255  
 or  
 1-859-245-8193



319

Bill Date	Due Date	Account #
12-01-05	12-20-05	J01303

Svc Addr: Mattress Factory		
Previous :		5222
Current:	11-29-05	5498
Consumption:		275

Natural Gas 3665.75

*Paid*  
 CK # 24391  
 12-9-05

ELAM UTILITY CO.

13.33

**Total Amount Due 3665.75**

Call before you dig!

31013

4,252.27

**Natural Gas Bill**

Please detach and return with Payment

Bill Date	Account #	Amount Due
12-01-05	J01303	3665.75

**\* J01303 \***

Elam Utilities  
 459 Main Street  
 West Liberty, KY 41472-



Jefferson Gas Company  
P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-859-245-8193

FIRST CLASS MAIL  
U.S. POSTAGE PAID  
Mailed from ZipCode 40503  
PERMIT NO. 417

Bill Date	Due Date	Account #
12-30-05	01-20-06	J01300

Svc Addr: Red River  
Previous : 7624  
Current: 12-28-05 7672  
Consumption: 48

Natural Gas 577.92

PAID  
JAN - 6 2006  
ELAM UTILITY CO.  
12.04

### Natural Gas Bill

Please detach and return with Payment

Bill Date	Account #	Amount Due
12-30-05	J01300	577.92

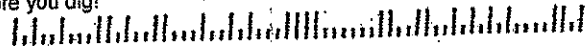
**\*J01300\***

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

Total Amount Due 577.92

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CO01



Jefferson Gas Company  
P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-859-245-8193

FIRST CLASS MAIL  
U.S. POSTAGE PAID  
Mailed from ZipCode 40503  
PERMIT NO. 417

Bill Date	Due Date	Account #
12-30-05	01-20-06	J01303

Svc Addr: Mattress Factory  
Previous : 5498  
Current: 12-28-05 6110  
Consumption: 612

Natural Gas 7368.48

PAID  
JAN - 6 2006  
ELAM UTILITY CO.  
12.04

### Natural Gas Bill

Please detach and return with Payment

Bill Date	Account #	Amount Due
12-30-05	J01303	7368.48

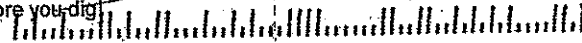
**\*J01303\***

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

Total Amount Due 7368.48

Call before you dig!

CO01



7903.40

**Jefferson Gas Company**  
P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-859-245-8193

FIRST CLASS MAIL  
U.S. POSTAGE PAID  
Mailed from ZipCode 40503  
PERMIT NO. 417

Bill Date	Due Date	Account #
01-31-06	02-20-06	J01300

Svc Addr: Red River  
Previous : 7672  
Current: 01-27-06 7702  
Consumption: 30

Natural Gas 332.40

### Natural Gas Bill

Please detach and return with Payment

Bill Date	Account #	Amount Due
01-31-06	J01300	332.40

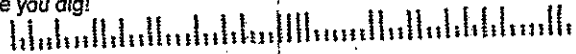
**\*J01300\***

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

**Total Amount Due 332.40**

Call before you dig!

COO1



**Jefferson Gas Company**  
P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-859-245-8193

FIRST CLASS MAIL  
U.S. POSTAGE PAID  
Mailed from ZipCode 40503  
PERMIT NO. 417

Bill Date	Due Date	Account #
01-31-06	02-20-06	J01303

Svc Addr: Mattress Factory  
Previous : 6110  
Current: 01-27-06 6484  
Consumption: 374

Natural Gas 4143.92

### Natural Gas Bill

Please detach and return with Payment

Bill Date	Account #	Amount Due
01-31-06	J01303	4143.92

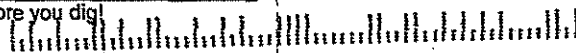
**\*J01303\***

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

**Total Amount Due 4143.92**

Call before you dig!

COO1



4,476.32

Jefferson Gas Company  
P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-859-245-8193

FIRST CLASS MAIL  
U.S. POSTAGE PAID  
Mailed from ZipCode 40503  
PERMIT NO. 417

Bill Date	Due Date	Account #
03-02-06	03-20-06	J01300

Svc Addr: Red River		
Previous :		7702
Current:	02-28-06	7744
Consumption:		42
Natural Gas		420.42

**Natural Gas Bill**  
Please detach and return with Payment

Bill Date	Account #	Amount Due
03-02-06	J01300	420.42

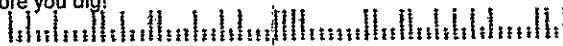
**\*J01300\***

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

**Total Amount Due 420.42**

Call before you dig!

2001



Jefferson Gas Company  
P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-859-245-8193

FIRST CLASS MAIL  
U.S. POSTAGE PAID  
Mailed from ZipCode 40503  
PERMIT NO. 417

Bill Date	Due Date	Account #
03-02-06	03-20-06	J01303

Svc Addr: Mattress Factory		
Previous :		6484
Current:	02-28-06	6926
Consumption:		442
Natural Gas		4424.42

**Natural Gas Bill**  
Please detach and return with Payment

Bill Date	Account #	Amount Due
03-02-06	J01303	4424.42

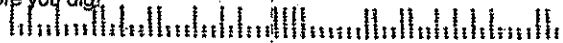
**\*J01303\***

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

**Total Amount Due 4424.42**

Call before you dig!

2001



4,844.86

484

**Jefferson Gas Company**  
 P.O. Box 24000  
 Lexington KY 40524 888-453-9255

For Emergency  
 Call:  
 1-888-453-9255  
 or  
 1-859-245-8193

FIRST CLASS MAIL  
 U.S. POSTAGE PAID  
 Mailed from ZipCode 40503  
 PERMIT NO. 417

Bill Date	Due Date	Account #
03-30-06	04-20-06	J01300
Svc Addr: Red River		
Previous :		7744
Current:	03-28-06	7771
Consumption:		27
Natural Gas		245.70

**Natural Gas Bill**

Please detach and return with Payment

Bill Date	Account #	Amount Due
03-30-06	J01300	245.70

**\*J01300\***

Elam Utilities  
 459 Main Street  
 West Liberty, KY 41472-

Total Amount Due 245.70

Call before you dig!

0001

**Jefferson Gas Company**  
 P.O. Box 24000  
 Lexington KY 40524 888-453-9255

For Emergency  
 Call:  
 1-888-453-9255  
 or  
 1-859-245-8193

FIRST CLASS MAIL  
 U.S. POSTAGE PAID  
 Mailed from ZipCode 40503  
 PERMIT NO. 417

Bill Date	Due Date	Account #
03-30-06	04-20-06	J01303
Svc Addr: Mattress Factory		
Previous :		6926
Current:	03-28-06	7213
Consumption:		287
Natural Gas		2611.70

**Natural Gas Bill**

Please detach and return with Payment

Bill Date	Account #	Amount Due
03-30-06	J01303	2611.70

**\*J01303\***

Elam Utilities  
 459 Main Street  
 West Liberty, KY 41472-

Total Amount Due 2611.70

Call before you dig!

0001

2857.40

314

CK# 24580  
 4-6-06

**Jefferson Gas Company**  
P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-859-245-8193

FIRST CLASS MAIL  
U.S. POSTAGE PAID  
Mailed from ZipCode 40503  
PERMIT NO. 417

Bill Date	Due Date	Account #
04-28-05	05-20-05	J01303
Svc Addr: Mattress Factory		
Previous :		4945
Current:	04-26-05	5046
Consumption:		101

Natural Gas 837.29

**Natural Gas Bill**

Please detach and return with Payment

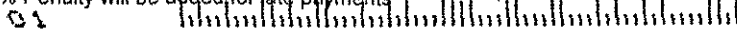
Bill Date	Account #	Amount Due
04-28-05	J01303	837.29

**\*J01303\***

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

**Total Amount Due 837.29**

A 10% Penalty will be added for late payments



**Jefferson Gas Company**  
P.O. Box 24000  
Lexington KY 40524 888-453-9255

For Emergency  
Call:  
1-888-453-9255  
or  
1-859-245-8193

FIRST CLASS MAIL  
U.S. POSTAGE PAID  
Mailed from ZipCode 40503  
PERMIT NO. 417

Bill Date	Due Date	Account #
04-28-05	05-20-05	J01300
Svc Addr: Red River		
Previous :		7556
Current:	04-26-05	7563
Consumption:		7

Natural Gas 58.03

**Natural Gas Bill**

Please detach and return with Payment

Bill Date	Account #	Amount Due
04-28-05	J01300	58.03

**\*J01300\***

Elam Utilities  
459 Main Street  
West Liberty, KY 41472-

**Total Amount Due 58.03**

A 10% Penalty will be added for late payments



895.32

10/2

333 W. Vine Street, Suite 300, Lexington, Kentucky 40507  
Telephone: 859.381.1427 Fax: 859.254.1128

**North American  
Energy Corporation**

# Fax

<b>To:</b> Dawn McGee	<b>From:</b> David B. Rudder
<b>Fax:</b> 502.564.7279	<b>Pages:</b> 16 including cover page
<b>Phone:</b>	<b>Date:</b> 10/17/06
<b>Time:</b> 2:15 p.m.	<b>CC:</b>

**Urgent**     **For Review**     **Please Comment**     **Please Reply**     **Please Recycle**

● **Comments:**

This is being faxed per the request of Wilma Ison of Elam Utility Company, Inc.

Please feel free to contact me if you have any questions or require additional information.

GAS PURCHASE AGREEMENT

between

NORTH AMERICAN ENERGY CORPORATION

("Seller")

and

ELAM UTILITY COMPANY, INC.

("Buyer")

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THIS AGREEMENT made as of September 7, 2006, by and between North American Energy Corporation, a Kentucky corporation, herein called "Seller", and Elam Utility Company, Inc., a Kentucky corporation, herein called "Buyer".

WITNESSETH THAT:

WHEREAS, Buyer desires to purchase certain natural gas volumes from Seller, and WHEREAS, Seller owns or has the right to market certain quantities of natural gas; NOW, THEREFORE, in consideration of mutual benefits, covenants, and agreements herein contained, Buyer and Seller hereby covenant and agree as follows:

ARTICLE 1  
DEFINITIONS

Except where expressly stated otherwise, the following terms where used in this Agreement shall mean:

- 1.1 The term "gas" shall include casinghead gas produced with crude oil, natural gas form gas wells, and residue gas resulting from processing casinghead gas, gas well gas or both.
- 1.2 A "day" shall begin at 8 o'clock a.m. Eastern time on each calendar day and end at 8 o'clock a.m. Eastern Time on the following calendar day; and a "month" or "year" shall begin at 8 o'clock a.m. Eastern Time on the first calendar day of such period of time and end at 8 o'clock a.m. Eastern Time on the first calendar day following such period.
- 1.3 "Nomination Agreement" shall mean the agreement, a copy of the blank form of which is attached as Exhibit A, which may be executed by the parties hereto from time to time and which binds the parties hereto to particular transactions for the purchase and sale of natural gas in accordance with the terms of this Agreement.

- 1.4 The term "Nomination Period" shall mean the period of time set forth in the Nomination Agreement.
- 1.5 The term "Nomination Quantity" shall mean the quantity of gas specified in the Nomination Agreement as the daily quantity which Seller agrees to sell and Buyer agrees to purchase each day during the Nomination Period, subject to the terms and condition of this Agreement.
- 1.6 The term "Nomination Price" shall be the price set forth in the Nomination Agreement which Buyer agrees to pay Seller and Seller agrees to accept for the Nomination Quantity at each Delivery Point.
- 1.7 The "Delivery Point(s)" shall be the point(s) at which Buyer agrees to pay the Nomination Price(s).
- 1.8 The term "liquids" shall mean condensate and/or distillate which may be recovered by Seller by either mechanical or low temperature means from gas delivered hereunder.
- 1.9 The term "Commission", as used herein, shall mean the Federal Energy Regulatory Commission or any successor thereto.
- 1.10 The term "Btu" shall mean British thermal unit, which is equal to the amount of heat that must be added to one pound (avoirdupois) of pure water to raise its temperature from fifty-eight and one-half (58.5) degrees Fahrenheit to fifty-nine and one-half (59.5) degrees Fahrenheit under standard pressure conditions as set forth at Page 158 of the AGA Measurement Manual, copyright date 1963.
- 1.11 The term "MMBtu" shall mean one million (1,000,000) Btu's.

- 1.12 The term "Cubic foot of gas" shall mean the volume of gas which occupies one (1) cubic foot when such gas is at a temperature of sixty (60) degrees Fahrenheit and at a pressure base of fourteen and seventy-three hundredth (14.73) psia dry.
- 1.13 The term "Mcf" shall mean one thousand (1,000) cubic feet.
- 1.14 The term "transporter" shall mean the party or parties, if any which will receive and handle gas deliverable hereunder for Buyer's or Seller's account.

ARTICLE II  
DELIVERY POINT(S)

- 2.1 The point(s) of delivery shall be the point(s) designated in the Nomination Agreement(s).
- 2.2 The Seller shall be responsible for any and all expenses including, but not limited to tariff charges, transportation charges or take or pay charges associated with transporting quantities of gas to the delivery point(s) specified in Section 2.1 above.
- 2.3 Title to all gas sold and delivered hereunder shall pass to Buyer at the delivery point(s) specified in Section 2.1 above. As between the parties hereto, Seller shall be in control and possession of the gas and responsible for any damage or injury caused thereby until same shall have been delivered to Buyer for the account of Buyer, at the delivery point(s), after which delivery, as between Buyer and Seller, Buyer shall; be deemed to be in exclusive control and possession thereof and responsible for any injury or damage caused thereby. Each party shall indemnify the other for and save it harmless from, any and all damages, injuries or liabilities caused by the gas in its possession and not due to or contributed to by the act or omission of the other party.

ARTICLE III  
QUANTITY

- 3.1 Subject to the terms and conditions hereunder, upon the execution of the Nomination Agreement by Buyer, or the giving of verbal acceptance by Buyer which is confirmed by Buyer by the execution and return of the Nomination Agreement, Buyer and Seller will be obligated to purchase and sell gas in accordance with this Agreement and the applicable Nomination Agreement. It is contemplated that more than one Nomination Agreement may be in effect between the parties hereto from time to time and each Nomination Agreement shall be treated as a separate and independent contract. An executed copy of the Nomination Agreement represents a firm obligation from Seller to deliver and Buyer to accept delivery and purchase the volumes as specified.

ARTICLE IV  
PERFORMANCE OBLIGATION

- 4.1 Buyer and Seller agree that Seller has a firm obligation to deliver and Buyer has a firm obligation to take and purchase the volumes under the terms of this Agreement and contained in the Nomination Agreement.
- 4.2 Should Seller fail to make available, to Buyer, the natural gas volumes specified herein during any month of this Agreement, Seller shall be liable to Buyer for the difference, if any, between the cost of the alternative supply procured by Buyer for such month and the price as specified in the corresponding nomination Agreement.

4.3 Should Buyer fail to take from Seller the natural gas volumes specified herein during any month of this Agreement, Buyer shall be liable to Seller for the difference, if any, between the alternative market price received by Seller for such month and the price as specified in the corresponding Nomination Agreement.

4.4 The remedy stated above in Article 4.2 and 4.3 shall be the sole remedy available to Buyer and/or Seller in any month in which the other party failed to meet the volumetric obligations as specified in the Nomination Agreement.

ARTICLE V  
PRICE

5.1 Buyer shall pay to Seller, for all gas received by or for the account of Buyer at each delivery point hereunder, that Nomination Price specified in the applicable Nomination Agreement.

ARTICLE VI  
TERM

6.1 This Agreement shall be in force for a term of one (1) year from the date hereof. The term of this Agreement shall be extended automatically and without further notice beyond its initial term on a month to month basis unless and until terminated by either party upon thirty (30) days prior written notice.

ARTICLE VII  
BILLINGS AND PAYMENTS

7.1 Seller shall render to Buyer, at the address indicated in Article XIV hereof, on or before the tenth (10<sup>th</sup>) day of each calendar month a billing for all gas purchased during the preceding month according to the measurements, computations, and

prices herein provided. Buyer agrees to make payment hereunder to Seller for its account by check at the address indicated on the monthly billing, or such other address as Seller may from time to time designate in writing. Payment shall be made by Buyer to Seller on or before the twentieth (20th) calendar day of each month in the amount as billed by Seller.

- 7.2 If any overcharge or undercharge in any form whatsoever shall at any time be found and the bill therefore has been paid, Seller shall refund the amount of any overcharge received by Seller, and Buyer shall pay the amount of any undercharge within thirty (30) days after final determination thereof; however, no retroactive adjustment will be made for any overcharge or undercharge beyond a period of twenty-four (24) months from the date a discrepancy occurred.
- 7.3 The obligation of Buyer to make payment to Seller hereunder shall survive the termination or cancellation of this Agreement.
- 7.4 If payment from Buyer to Seller for gas sold under the terms herein, is delayed for more than ten (10) days, then such amount due shall accrue at the then in effect Citibank, N.A. prime interest rate plus two and Seller may at its sole option, suspend deliveries of gas until such payment is made.

ARTICLE VIII  
QUALITY AND MEASUREMENT OF GAS

- 8.1 All natural gas delivered by Seller hereunder shall conform to the standard contract quality specifications of the receiving transporter(s). Buyer shall have no liability to Seller or the receiving transporter should Seller fail to deliver natural gas which meets the specifications of the receiving transporter.

8.2 All natural gas delivered by Seller shall be measured according to the standard natural gas measurement procedures in use by the receiving transporter at the delivery point specified.

ARTICLE IX  
WARRANTY OF TITLE

9.1 Seller warrants that it will at the time of delivery have good title to the gas delivered by it to Buyer hereunder, free and clear of all liens, encumbrances and claims whatsoever.

ARTICLE X  
TAXES

10.1 Seller shall pay or cause to be paid all taxes (including without limitation production and severance taxes) lawfully levied on Seller, or otherwise to be borne contractually by Seller, and applicable to the gas delivered hereunder prior to its delivery to Buyer at the Delivery Point(s). Buyer shall pay all taxes lawfully levied on Buyer applicable to such gas after delivery to or for the account of Buyer at the Delivery Point(s).

ARTICLE XI  
FORCE MAJEURE

11.1 No failure or delay in performance, whether in whole or in part, by either Seller or Buyer shall be deemed to be a breach hereof when such failure or delay is occasioned by or due to any act of God, strike, lockout, act of public enemy, sabotage, war (whether or not an actual declaration is made thereof), blockade, insurrection, riot, epidemic, landslide, lightning, earthquake, flood, storm, fire, washout, arrest and restraint of rulers and peoples, civil disturbance, inability of

either party to obtain any necessary material, permit or to obtain any easement or right of way, and the act of any court of governmental authority, or any other cause, whether of the kind enumerated or otherwise, not within the control of the party claiming suspension. However, Force Majeure shall not excuse the payment of financial obligations, such as those incurred in liquidating hedge positions undertaken by a party in reliance upon a trigger price, fixed price or other price risk management option exercised by the non-performing party, who shall be liable for any losses incurred in such liquidation. It is expressly agreed that Seller's ability to sell gas dedicated to Buyer under this Agreement at a higher price to any other party or Buyer's ability to purchase gas at a lower price from any party shall not constitute force majeure. No force majeure cause or contingency shall relive any party from its obligations to make payments of amounts then due under this Agreement. In the event of any such force majeure, the obligations of the party giving notice insofar as the same are affected by such force majeure, shall be suspended during the continuance of such force majeure, but for no longer period, and such cause shall, if reasonably possible, be remedied with all reasonable dispatch.

ARTICLE XII  
GOVERNMENTAL RULES, REGULATIONS, AND AUTHORIZATIONS

- 12.1 This Agreement shall be subject to all valid laws, order, directives, rules and regulations of any governmental body, agency, or official having jurisdiction in the premises whether state or federal.



ARTICLE XIII  
ASSIGNMENT

13.1 This agreement shall extend to and be binding upon the parties, their heirs, administrators, successors, and assigns, but neither party shall assign or transfer any of its rights or obligations hereto without the consent to the other party, which consent shall not be unreasonably withheld. No transfer of or succession to the interest of either party hereunder, wholly or partially, shall affect or bind the other party until it shall have been furnished with written notice and a true copy of such assignment or with other proper proof that the claimant is legally entitled to such interest. Nothing herein contained shall in any way prevent either party hereto from pledging or mortgaging all or any part of such party's property as security for any mortgage, deed of trust, or other similar lien or from pledging this Agreement or any benefits accruing hereunder to the party making the pledge, without the assumption of the obligations hereunder by the mortgagee, pledge, or other grantee under such instrument.

ARTICLE IX  
NOTICE

14.1 Whenever, under the terms of this agreement, any notice is required or permitted to be given by one party to the other, such notice shall be given in writing and shall be deemed to have been sufficiently given for all purposes if given by telefax (receipt/answer-back acknowledged), delivered by courier, or if mailed, postage prepaid, to the parties at the address set forth in paragraphs 13.2 and 13.3 below.

14.2 The address of Seller for the purpose of all notices, payments and communications hereunder, unless another address is designated by Seller in writing, shall be:

NORTH AMERICAN ENERGY CORPORATION  
333 WEST VINE STREET, SUITE 300  
LEXINGTON, KY 40507  
PHONE: (859) 381-1427  
FAX: (859) 254-1128

14.2 The address of Buyer for the purposes of all notices, payments and communications hereunder, unless another address is designated by Buyer in writing, shall be:

ELAM UTILITY COMPANY, INC.  
459 MAIN STREET  
WEST LIBERTY, KY 41472  
PHONE: (606) 743-3695  
FAX: (606) 743-2292

ARTICLE XV  
MISCELLANEOUS

- 15.1 No waiver by Buyer or Seller of any default of the other under this Agreement shall operate as waiver of any future default, whether of a like or different character.
- 15.2 This Agreement contains the entire Agreement between the parties and there no oral promises, agreements or warranties affecting it. No modification or amendment of this Agreement shall be binding on either party unless in writing and agreed to by the parties.
- 15.3 As to all matters of construction and interpretation, this Agreement shall be interpreted, construed and governed by the laws of the State of Kentucky, without regard to principles or conflicts of law otherwise applicable to such determination.

15.4 The numbering and titling of particular provisions of this Agreement is for the purposes of facilitating administration and shall not be construed as having any substantive effect on the terms of this Agreement.

15.5 Exhibit "A" and the provisions therein shall constitute a part of this Agreement.

15.6 The terms and conditions of this offer and Agreement are considered **CONFIDENTIAL** and shall not be divulged to any third party except as required by regulatory authorities or court order.

IN WITNESS WHEREOF, this instrument is executed in two (2) counterparts, each of which is an original as of the date first above mentioned.

WITNESS:

Stephanie Boley

SELLER:  
NORTH AMERICAN ENERGY CORPORATION

By: [Signature]  
David B. Rudder  
President

WITNESS:

Mary Whitaker

BUYER:  
ELAM UTILITY COMPANY, INC.

By: [Signature]  
Title: President

EXHIBIT A  
NOMINATION AGREEMENT

This NOMINATION AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2006 by and between NORTH AMERICAN ENERGY CORPORATION, a Kentucky corporation ("Seller"), and ELAM UTILITY COMPANY, INC., a Kentucky corporation, ("Buyer")

Reference is made to the Gas Purchase and Sale Agreement ("Agreement") dated September 7, 2006 between Buyer and Seller. The terms of the Agreement are incorporated herein and made a part hereof.

Buyer and Seller stipulate and agree as follows:

Nomination Period: \_\_\_\_\_

Nomination Price: \$ \_\_\_\_\_ / \_\_\_\_\_

Nomination Volume: \_\_\_\_\_

Point of Delivery: \_\_\_\_\_

Point(s) of Measurement: \_\_\_\_\_

Seller  
NORTH AMERICAN ENERGY CORPORATION

Buyer  
ELAM UTILITY COMPANY, INC.

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\*\* DO NOT EXECUTE - SAMPLE ONLY\*\*

EXHIBIT A  
NOMINATION AGREEMENT

This NOMINATION AGREEMENT is made and entered into this 7<sup>th</sup> day of September, 2006, by and between NORTH AMERICAN ENERGY CORPORATION, a Kentucky corporation ("Seller"), and ELAM UTILITY COMPANY, INC. a Kentucky corporation, ("Buyer")

Reference is made to the Gas Purchase and Sale Agreement ("Agreement") dated September 7, 2006 between Buyer and Seller. The terms of the Agreement are incorporated herein and made a part hereof.

Buyer and Seller stipulate and agree as follows:

Nomination Period:	October 1, 2006 – September 30, 2007
Nomination Price:	\$10.40 per Dth
Nomination Volume:	5,000 Dth per month plus actual usage per month as follows: Up to: Oct – 3,000 Nov – 4,000 Dec – 9,000 Jan – 13,000 Feb – 10,000 Mar – 7,000 Apr – 4,000 May – 2,000 Jun – 2,000 Jul – 2,000 Aug – 2,000 Sep – 2,000
Point of Delivery:	Columbia Gas of Kentucky Citygate
Point(s) of Measurement:	Columbia Gas of Kentucky Citygate
Other Conditions:	Seller will act as Agent on behalf of Seller for nomination and delivery on Columbia Gas Transmission. Nomination volumes will flow and be transported under Buyer's GPS/FTS agreement with Columbia Gas Transmission. Seller will pay all costs as charged by Columbia Gas Transmission for the delivery and/or storage and balancing of such volumes.

Seller  
NORTH AMERICAN ENERGY CORPORATION

By: 

Title: President

Date: 10/2/06

Buyer  
ELAM UTILITY COMPANY, INC.

By: 

Title: President

Date: 9/25/06